United Nations A/66/138

General Assembly

Distr.: General
14 July 2011
English
Original: Arabic/English/Spanish

Sixty-sixth session
Item 18 (a) of the preliminary list*
Macroeconomic policy questions: international trade and development

Unilateral economic measures as a means of political and economic coercion against developing countries

Report of the Secretary-General

Summary

In its resolution 64/189, entitled "Unilateral economic measures as a means of political and economic coercion against developing countries", the General Assembly requested the Secretary-General to continue to monitor the imposition of such measures, to study their impact on the affected countries and to report to the Assembly at its sixty-sixth session on the implementation of the resolution. The present report reflects the replies of Member States and selected international organizations (see annexes I and II) to the note verbale sent by the Secretary-General requesting pertinent information. The report also includes additional data collected by the Secretariat.

The responses from Member States indicated their disagreement with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries. Such actions are not viewed as being in accordance with the principles of the Charter of the United Nations, the norms of international law or the rules-based multilateral trading system, moreover, they are perceived as to be undermining the sovereign equality of States. Member States affected by such measures stressed that unilateral measures have an extraterritorial dimension, since they extend the application of domestic laws to other countries. Member States expressed concern about the negative impact of unilateral economic measures on the socio-economic development of the affected countries. The Economic and Social Commission for Western Asia, the United Nations Conference on Trade and Development and the Organization for Economic Cooperation and Development reported that unilateral sanctions tend to adversely affect populations in the affected countries and to hamper international trade.

* A/66/50.

11-41603 (E) 030811 080811

Please recycle

Contents

		Page
I.	Introduction	3
II.	Summary of replies received from Member States, United Nations bodies and international organizations	3
III.	Monitoring the imposition of unilateral measures and studying the impact of such measures on the affected countries	5
Annexes		
I.	Replies received from Member States	6
	Armenia	6
	Brunei Darussalam	6
	Colombia	6
	Cuba	7
	Egypt	8
	Gabon	8
	Guatemala	9
	Lebanon	9
	Malaysia	10
	Malta	10
	Mauritius	10
	Mexico	11
	Myanmar	11
	Oman	12
	Qatar	13
	Sudan	13
	Ukraine	14
	Viet Nam	14
II.	Replies received from United Nations bodies and other international organizations	16
	Economic and Social Commission for Western Asia	16
	United Nations Conference on Trade and Development	18
	Organization for Economic Cooperation and Development	21

I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 64/189, entitled "Unilateral economic measures as a means of political and economic coercion against developing countries". In that resolution, the Assembly, inter alia, urged the international community to adopt urgent and effective measures to eliminate the use of unilateral coercive economic measures against developing countries that were not authorized by relevant organs of the United Nations or were inconsistent with the principles of international law as set forth in the Charter of the United Nations and that contravened the basic principles of the multilateral trading system.

2. In the same resolution, the General Assembly requested the Secretary-General to continue monitoring the imposition of such measures, to study their impact on the affected countries, including the impact on trade and development and to report to the Assembly at its sixty-sixth session on the implementation of the resolution.

3. Accordingly, the Secretariat, in a note verbale dated 4 April 2011, invited the Governments of all Member States to provide their views and any other relevant information regarding the existence of any unilateral sanctions and the impact they may have had on national trade and development. As a result of the introduction of a short questionnaire by the Secretariat, in order to facilitate the responses from countries, a greater number of countries replied compared to the previous exercise, when only four Member States responded to the request by the Secretary-General. As of mid-June 2011, 18 Member States (Armenia, Brunei Darussalam, Colombia, Cuba, Egypt, Gabon, Guatemala, Lebanon, Malaysia, Malta, Mauritius, Mexico, Myanmar, Oman, Qatar, the Sudan, Ukraine and Viet Nam) had replied to the request. Those replies are reproduced in annex I to the present report. The information presented in section II has been provided by respondents and has not been verified with other sources.

4. Relevant organizations, programmes and agencies inside and outside the United Nations system were also invited to provide information and analyses concerning recent developments in the subject area. The Economic and Social Commission for Western Asia (ESCWA), the United Nations Conference on Trade and Development (UNCTAD) and the Organization for Economic Cooperation and Development (OECD) responded to that invitation. The replies received from those organizations are reproduced in annex II to the present report.

II. Summary of replies received from Member States, United Nations bodies and international organizations

5. Member States that responded to the request of the Secretary-General for their views on the issue expressed disagreement with the imposition of such measures. Unilateral economic measures are viewed as violations of the principles of the Charter of the United Nations, the norms of international law and the rules-based multilateral trading system, and are perceived to undermine the sovereign equality of States.

6. Member States that identified themselves as countries subject to coercive economic measures expressed concern about the negative impact of unilateral

economic measures on their socio-economic development. Cuba indicated that its domestic industries continue to be affected by the application of the trade and financial embargoes imposed against it for more than 50 years. Similarly, Myanmar indicated that foreign and domestic investment in the country has been severely affected by unilateral measures imposed by some Member States, which have had negative impact on its productive capacity development. The Sudan stated that unilateral sanctions have restricted its access to export markets and affected its ability to import technology and industrial infrastructure necessary for the growth of its productivity. All three countries stressed that they would have been able to achieve greater progress in improving their socio-economic conditions had sanctions not been imposed.

7. Several other respondents not affected by unilateral sanctions also expressed their concern about the adverse impact on economic development and the living standards of countries that face such measures. In this regard, Egypt, Gabon, Lebanon and Mauritius mentioned that unilateral sanctions tend to have an adverse impact on the vital economic sectors of the affected countries, thereby harming the welfare of their populations. Mexico indicated that such measures produce severe humanitarian consequences, and Oman emphasized the particular impact of such sanctions on women and children, preventing them from exercising their legitimate human rights. Armenia and Viet Nam stated that the negative consequences of sanctions are felt beyond the countries directly affected, as unilateral sanctions also have adverse implications for the free flow of international trade and the effectiveness of international economic cooperation.

8. A summary of latest developments in three of the economies monitored by ESCWA, the Occupied Palestinian Territory, the Sudan and the Syrian Arab Republic, was provided by the Commission. Restrictions on mobility and an economic blockade are still in effect in the Gaza Strip. Heavy restrictions on imports to the Occupied Palestinian Territory have led to shortages of basic commodities required for maintaining the standard of living of the local population, and export restrictions have curtailed trade. Economic, trade and financial sanctions have been in effect in the Sudan since 1997. The Commission indicated that the ban on petroleum-related activities and transactions currently extends to South Sudan as well and is a source of additional concern as South Sudan remains one of the most economically disadvantaged countries in Africa. The Commission also indicated that one Member State has banned all exports other than food and medicines to the Syrian Arab Republic and that the measure is affecting local industries and consumers in that country.

9. UNCTAD provided a summary of the latest developments related to trade by countries currently affected by unilateral sanctions, including Belarus, Cuba, the Democratic People's Republic of Korea, the Islamic Republic of Iran, the Libyan Arab Jamahiriya, Myanmar, the Occupied Palestinian Territory, the Sudan and the Syrian Arab Republic. While the scope of measures applied to the countries concerned varies, major impacts include a loss of trade and foreign exchange earnings, a reduction in productive capacity and employment and a deterioration of the economic and social welfare of the population, in particular among middle and lower income groups. In its reply, OECD indicated that it supports a smooth functioning of the rules-based multilateral trading system under which economic sanctions are enacted following a dispute settlement ruling.

III. Monitoring the imposition of unilateral measures and studying the impact of such measures on the affected countries

10. According to the publication written by researchers at the Peterson Institute for International Economics,[1] there have been 23 new cases of unilateral economic measures since 2000. Eighteen of the new cases were initiated after 2000, while five cases refer to the introduction of new actions in the long-standing instances of Cuba, the Democratic People's Republic of Korea, the Islamic Republic of Iran, Myanmar and the Occupied Palestinian Territory. Among the new 18 cases, six cases no longer apply, while 12 cases are still in effect. Cases that were initiated after 2000 and no longer in effect are: the Central African Republic (2003-2005); Guinea (2002-2010); Guinea-Bissau (2003-2004); Haiti (2001-2005); Honduras (2009); and Uzbekistan (2005-2009). Cases that were initiated after 2000 and are still ongoing are: Belarus (2006-); the Democratic Republic of the Congo (2003-); Fiji (2006-); the former Liberian regime of Charles Taylor (2007-); Georgia (2006-); Côte D'Ivoire (2004-); Lebanon-related (2007-);[2] the Libyan Arab Jamahiriya (2011-); Somalia (2010-); the Sudan (2004-); the Syrian Arab Republic (2011-); and Zimbabwe (2002-).

11. Recent trends suggest that while the use of broadly defined trade embargoes is significant, the use of "smart" sanctions, including arms embargoes, asset freezes and travel bans, have also been on the rise. Evidence indicates, however, that unilateral measures, especially broad trade embargoes, can have a severe adverse impact on the welfare of people and on the long-term growth prospects of the affected countries. Recent studies suggest that vulnerable groups, in particular children and the poor, tend to be the most affected.[3] The magnitude of the impact of such sanctions on the social and economic development of the affected countries, which depends on the nature and length of the sanctions imposed as well as on the overall characteristics of the economy concerned, can only be properly assessed on a country-by-country basis.

---

[1] Hufbauer, Gary Clyde, Jeffery J. Schott, Kimberly Ann Elliott, and Barbara Oegg, 2008, *Economic Sanctions Reconsidered*. The publication has been updated by Gary Hufbauer and Julia Muir.

[2] Lebanon-related sanctions are not country-specific. More information is available from http://www.treasury.gov/resource-center/sanctions/Programs/pages/leb.aspx.

[3] Child mortality rates in Iraq increased after the Gulf conflict and the imposition of sanctions (Ali, Mohamed M. and Shah, Iqbal H., 2000, "Sanctions and childhood mortality in Iraq", *The Lancet*, vol. 355, No. 9218). Child malnutrition and child mortality increased in the periods when the sanctions were in effect in Haiti (Reid, Britt C., Psoter, Walter J., Gebrian, Bette, and Wang, Min Qi, 2007, "The effect of an international embargo on malnutrition and childhood mortality in rural Haiti", *International Journal of Health Services*, vol. 37, No. 3). Evidence from a large repeated cross-section data from 69 developing countries suggests that child weight, height and mortality are negatively affected by the sanctions (Petrescu, Ioana M., 2011, "The humanitarian impact of economic sanctions", mimeo).

Annex I

Replies received from Member States

Armenia

[Original: English]
[3 May 2011]

Armenia does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries.

Armenia has not been affected by economic sanctions during the 2008-2010 period.

Armenia is a landlocked country, and although it has not been affected by direct economic sanctions during the 2008-2010 period, its borders with Turkey (since April 1993, western border) and Azerbaijan (since 1990, eastern border) are still closed, a fact which has increased transit fees and has imposed an additional financial burden on and barrier to the economic and social development of the country. The closed borders block guaranteed access to the sea, which would enable the use of more efficient trade opportunities, and have had a negative impact on Armenia's ability to take part in international economic cooperation and to integrate with multilateral trading systems.

Brunei Darussalam

[Original: English]
[10 May 2011]

Brunei Darussalam does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries.

Brunei Darussalam has not been affected by economic sanctions during the 2008-2010 period.

Colombia

[Original: English]
[17 May 2011]

Colombia does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries. As a principle, Colombia believes in full respect for the independent development of the internal policies of all nations. This principle is reflected in article 9 of its Constitution, which states that the international relations of the State are based on national sovereignty, in respect for the self-determination of peoples and in recognition of the principles of international law, accepted by Colombia.

Colombia has not been affected by economic sanctions during the 2008-2010 period.

Cuba

[Original: Spanish]
[3 June 2011]

Cuba does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries.

Cuba opposes the imposition of unilateral coercive measures as a means of exerting political and economic pressure on developing countries because it contravenes the principles of the Charter of the United Nations. It constitutes a violation of a sovereign State's right to peace, development and security and breaches the principle of peaceful coexistence among sovereign States. In its essence, it is an act that persistently threatens a country's stability. It infringes the right to sovereignty and political independence. It violates freedom of trade and navigation and the rules of the multilateral trading system.

Cuba continues to be affected by an economic, commercial and financial embargo imposed by the Government of the United States for more than 50 years.

The United States economic, commercial and financial embargo constitutes the primary obstacle to Cuban economic development. The legal basis for this policy remains intact and the political, administrative and repressive machinery has been strengthened in order to make the embargo more effective and in particular to harass and interfere with Cuban financial transactions throughout the world. Export of products or services of any kind from Cuba to the United States remains prohibited. Export of products or services from the United States to Cuba also remains prohibited, with a very few strictly regulated exceptions. Merchant vessels of any country that enter Cuban ports are still barred from entering United States ports for 180 days. No third-country company that is in any way affiliated with or holds an interest in a United States company may do business with Cuban companies, regardless of the host country's relations with Cuba, the laws of the third-country company's country of origin or the rules of international law. The authorities of the United States Government harass, threaten and impose penalties on third-country companies with trade ties to Cuba in every corner of the world, regardless of their origin or assets and whether or not they have ties with the United States. Interference in Cuba's financial transactions with third countries is increasing, regardless of those countries' relations with Cuba, the currency they use or their current banking regulations. Government regulations prohibit United States citizens from travelling to Cuba, with a very few strictly regulated exceptions. The complex framework of laws and legal provisions governing this policy has not been dismantled. The embargo against Cuba has been the longest and harshest the United States has ever enforced against any country. Although it was officially decreed in 1962, it began to be implemented as soon as the Cuban revolution triumphed in 1959. By its nature, the United States embargo against Cuba constitutes an act of genocide under paragraph (c) of article II (c) of the Convention on the Prevention and Punishment of the Crime of Genocide (1948 Geneva Convention) and an act of economic war under the terms of the Declaration concerning the Laws of Naval War adopted by the London Naval Conference in 1909. The embargo remains distinctly extraterritorial in nature, since the unilateral sanctions against Cuba have a widespread impact outside United States territory on companies and citizens of third countries. The accumulated direct economic damage caused to the Cuban people by

the United States economic, commercial and financial embargo by December 2009 amounted to the gold-value equivalent of more than $751 billion.

Despite the international community's fervent and increasing calls for the United States Government to change its policy towards Cuba, lift the embargo and normalize bilateral relations, the United States Government has not altered its policy towards Cuba. The embargo continues to be an absurd, illegal and morally unsustainable policy that has not succeeded and will not succeed in its purpose of crushing the resolve of the Cuban people to preserve its sovereignty, independence and right to self-determination; however, it leads to shortages and suffering for the people, hampers and delays Cuba's development and seriously harms the economy of Cuba. The embargo is a unilateral, immoral policy rejected both in the United States and by the international community. The United States must lift it unconditionally without further delay. Cuba calls on the international community to take immediate steps to eliminate the use of coercive economic measures against developing countries. It categorically opposes their use as a means of exerting political and economic pressure on developing countries.

Egypt

[Original: English]
[15 April 2011]

Egypt does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries.

Egypt has not been affected by economic sanctions during the 2008-2010 period.

Egypt is firmly against the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries for the following reasons: (a) these measures are in breach of the principles of the Charter of the United Nations and the norms of international law, respect for sovereignty and territorial integrity; (b) they are in total contradiction of the principles of multilateralism as well as the rules-based multilateral trading system to which all countries should adhere; (c) they have an adverse impact on the vital economic sectors of the affected countries, including the financial, banking, investment and tourism sectors and; (d) they have detrimental effects on the well-being as well as the socio-economic development of the population of affected countries, since they directly negatively impact health, nutrition, water quality, education and culture. Egypt appeals to all States to refrain from recognizing such unilateral measures and supports the claim of affected countries to compensation for any damage incurred as a result of the breach of internationally agreed norms of conduct.

Gabon

[Original: English]
[22 April 2011]

Gabon does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries. Gabon believes in resolving conflicts through dialogue and consultation. Gabon encourages

multilateralism rather than unilateralism. This type of unilateral solution should be discouraged since it has grave consequences for the population in general, including increasing poverty and other social diseases.

Gabon has not been affected by economic sanctions during the 2008-2010 period.

Guatemala

[Original: Spanish]
[16 June 2011]

Guatemala does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries.

Under the Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States, no State may use or encourage the use of economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights and to secure from it advantages of any kind, in accordance with the Charter of the United Nations.

Guatemala attaches great importance to international relations among countries. In disadvantaged countries especially, issues such as peaceful coexistence in the context of the globalization process are key national priorities for economic and technological development and international trade.

Guatemala is of the clear opinion that States should eschew any unilateral or other measure that affects adequate individual or collective development out of due respect for the fundamental rights of peoples.

The continuation of unilateral economic measures as instruments of political and economic coercion hinders the development of the market economy and the development of peoples. These are anti-economic measures. Their sole legacy is poverty and underdevelopment.

Lebanon

[Original: English]
[17 May 2011]

Lebanon does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries. Such destructive measures impact the populations of developing countries more than their Government. They are highly ineffective and counterproductive.

Lebanon has not been affected by economic sanctions during the 2008-2010 period.

Malaysia

[Original: English]
[4 May 2011]

Malaysia does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries. Such impositions are out of step with the current trend towards increasing interdependence and interaction among States. They also violate the letter and spirit of the agreement establishing the World Trade Organization. Unilateral measures are discriminating in nature and are intended to serve specific political agendas against target countries. They also have an extraterritorial dimension, as they extended the application of domestic laws to other countries.

Malaysia has not been affected by economic sanctions during the 2008-2010 period.

Malta

[Original: English]
[25 April 2011]

Malta does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries. Malta, which imposes no unilateral sanctions of its own, applies only Security Council resolutions, European Union regulations and decisions in its sanctions activity. These sanctions are applied without distinction as to whether a country is developing or developed in cases where the international community considers them a valid tool of policy.

Malta has not been affected by economic sanctions during the 2008-2010 period.

Mauritius

[Original: English]
[4 May 2011]

Mauritius does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries.

Mauritius has not been affected by economic sanctions during the 2008-2010 period.

The multilateral process must not be undermined by unilateral measures. Achieving political goals through economic sanctions may not help to achieve the desired long-term objectives of the State because, most of the time, it is the general public, in the course of their day-to-day activities, who suffer the most.

Mexico

[Original: English]
[5 May 2011]

Mexico does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries.

Mexico has not been affected by economic sanctions during the 2008-2010 period.

The Government of Mexico reiterates its firm opposition to the implementation of unilateral measures as means of political and economic coercion against developing countries when they have no legal basis in the Charter of the United Nations. Sanctions can only emanate from the decisions or recommendations of the Security Council, or from the General Assembly of the United Nations. When unilateral economic measures do not respect these principles, they produce severe humanitarian consequences contrary to international law. They also imply the abandonment of diplomacy and dialogue as appropriate means to solve controversies between States.

Myanmar

[Original: English]
[3 May 2011]

Myanmar does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries. The unilateral sanctions currently imposed on Myanmar are unwarranted, and they are also against international law. In addition, Myanmar believes that such unilateral sanctions are counterproductive and deprive countries of their right to development.

Myanmar has been affected by economic sanctions during the 2008-2010 period.

Because of economic sanctions imposed by some western countries, not only foreign investments but also investments by citizens of Myanmar have been severely affected. For instance, out of a total of 289 cut-make-and-pack businesses that existed before the sanctions, 182 are in operation and 107 have been forced to shut down. As a result 13,951 workers have lost their jobs.

In addition, the obstruction of foreign investment, which is necessary for the economic development of Myanmar, combined with the long-term suspension of overseas development assistance (ODA) by international organizations, have caused a slow-down of economic development and has also affected the socio-economic progress of the country.

Sanctions are being employed as a political tool against Myanmar. Myanmar considers the sanctions to be unjust and would like to have such acts cease. Despite the sanctions, progress has been made in improving socio-economic conditions, thanks to the combined efforts of the Government and the people of the country. Without the sanctions, Myanmar will achieve even greater progress.

Oman

[Original: Arabic]
[6 June 2011]

Certain, if not, indeed, most major Powers and large economic blocs and groups employ economic, military and technological superiority and political polarization to impose their wishes and ideology on the countries of the developing world in Africa, Asia and Latin America. They subjugate those countries by imposing tyrannical and coercive measures that include, inter alia, sanctions, interdictions, freezing and confiscation. Those measures take a variety of forms, including the monetary, economic, military and technological, and even airspace is not immune. This is a violation of the international legitimacy that has been provided for in international laws and instruments.

The use of unilateral economic measures against developing countries as a form of political and economic coercion is completely incompatible with the spirit of the Charter of the United Nations and with the strengthening of solidarity, cooperation and friendly relations between States and nations.

While the United Nations endeavours, in one way or another, to promote economic growth and sustainable development, such measures conflict with all the laws, principles and standards that govern international relations in every economic, commercial and financial field and are designed to integrate developing countries into the global multilateral economy by expanding the commercial, economic, financial and other interaction between all States.

The use of such unilateral measures against developing countries as a form of political and economic coercion and robbery has been condemned in various resolutions and decisions adopted by United Nations agencies, the Security Council, and regional and civil society organizations throughout the world and, in particular, the General Assembly, which has, to no avail, adopted many resolutions on this matter in which the international community has forcefully expressed the need for such measures to be eliminated and for genuine steps to be taken to ensure that they are never used again.

Let us not forget that the adoption and application of such unilateral measures and the imposition of air, land or sea embargoes are acts that hinder the economic and social development of the inhabitants of the countries affected and have a particular impact on their women and children, preventing them from enjoying life to the extent that others do and erecting obstacles to their realization of sustainable development and full enjoyment of their legitimate rights as provided for in regional and international human rights instruments. Those rights include the right of every person to a decent standard of living that will ensure health and well-being and the right to food, health care and the requisite social services. Therefore, the embargoes imposed as part of such tyrannical measures on many developing countries are clear examples of violations of international law and human rights, which must be ended expeditiously, without any restrictions or conditions.

It is an incontrovertible fact that coercive unilateral economic measures represent a threat to the legitimate economic interests of the targeted developing countries. The United Nations and other relevant international and multilateral organizations must combine their efforts to create and strengthen international

economic conditions that are capable of bringing about equality of opportunity for all countries, without distinction, to benefit from the international commercial, financial and economic systems. Those organizations must also consider ways and means of compensating targeted countries for the material and moral losses and damage that they have sustained at the hands of those who had recourse to those unilateral measures.

The international community has in fact never ceased to condemn the measures that have been imposed on several countries, particularly in view of the circumstances that certain regions are currently experiencing. A firm stand must be taken and a call put out for an end to the policy that is rejected by the whole world of using any form of tyrannical unilateral economic measure as a way of imposing hegemony over and subjugating developing countries. The end of such measures would help to create a positive climate for international relations and strengthen the role of international legitimacy in maintaining the principle of the sovereign equality of States.

The Sultanate of Oman therefore views such measures as incompatible with international norms and instruments and detrimental to the interests of developing countries.

Qatar

[Original: English]
[4 May 2011]

Qatar supports the principles set out in General Assembly resolution 64/189, which are in line with the overall orientation of Qatar's foreign policy, based on the promotion of tolerance, international peace and security, the reinforcement of the principle of amicable relations and cooperation in the international arena and the rejection of all forms of economic and political coercion against any country. For the above reasons, Qatar supports the General Assembly resolution on lifting the economic embargo imposed on Cuba by the United States of America every year.

Sudan

[Original: English]
[2 May 2011]

The Sudan does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries because they harm economies of developing countries by blocking access to international markets and by restricting import of technology, industrial infrastructure and spare parts to enhance their productivity. The introduction of sanctions restricts economic growth and affects the well-being of the nations on which they are imposed.

The Sudan has been affected by economic sanctions during the 2008-2010 period, as follows:

- Restrictions on access to American markets to sell domestic products and to import from American producers

- Restrictions on access to American technology and spare parts
- Discouragement of investment by United States companies in the Sudan
- Prohibition of bank transfers; all transfers initiated by the Sudan or by which the Sudan benefits are continuously blocked by the United States Government; this has badly affected the country to the extent that it is unable to pay for annual subscriptions to periodicals and books, or to acquire software for educational purposes
- As a result of the unilateral sanctions imposed by the United States, the Sudan does not have access to concessional loans or multilateral donor programmes.

The above measures were imposed by the United States in 1997, and they are still binding. There is promise that they will be lifted after the full implementation of the Comprehensive Peace Agreement, although this is no longer certain since, now that the Agreement is about to be fully implemented, the issue of Darfur has been added to the list of preconditions.

Most areas of the country's economic activity have been badly affected, including agricultural production and related industries, aviation services, higher education and scientific research. Many recent aircraft engine failures, which have caused the loss of lives, have been blamed on the sanctions imposed by the United States.

The Sudan has cooperated with the International Monetary Fund (IMF) for 13 years under its staff monitored programme, achieving most of the programme targets, including regular payment to IMF, and qualifying for debt relief. However, in spite of this, for political reasons, the Sudan has never benefited from debt relief under the Heavily Indebted Poor Countries Initiative.

Allowing individual countries to impose unilateral measures against other countries, which contradicts international law and undermines the raison d'être of the United Nations, should not be tolerated.

Ukraine

[Original: English]
[20 May 2011]

Ukraine does not have any legislation or regulations that support unilateral economic measures as a means of political and economic coercion against developing countries. Equally, the Government of Ukraine does not accept the use of economic measures as a means of achieving political aims and upholds, in its relations with countries, the fundamental principles of the Charter of the United Nations, the norms of international law and the freedom of trade and navigation.

Viet Nam

[Original: English]
[11 May 2011]

Viet Nam does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries,

which lead to negative impacts on the lives of people in those developing countries, as well as on international trade and development. The imposition of economic measures should be compatible with the principles of international law, as well as the principles and objective of the Charter of the United Nations.

As is the case with all countries in the international community, Viet Nam has been indirectly affected by economic sanctions during the 2008-2010 period. Such measures have constrained the free flow of international trade and have thus had a negative impact on the country's development.

Annex II

Replies received from United Nations bodies and international organizations

Economic and Social Commission for Western Asia

[Original: English]
[3 May 2011]

The contribution of the Economic and Social Commission for Western Asia (ESCWA) to the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries is submitted herewith.

The imposition of punitive measures, including sanctions, impinge upon the entire populations of developing countries, but they may not always reach their intended targets. This "collective punishment" places significant burdens on the citizenry of the targeted countries, including children. Such measures lead to falling incomes, which directly affect progress towards the achievement of the Millennium Development Goals owing to their negative impact on national budgets. These actions are also contrary to the General Assembly resolution 64/189.

The Commission has the following observations to make on countries affected by economic sanctions in the ESCWA region during the 2008-2010 period as follows.

Target countries	*Nature of sanction*	*Country imposing sanction*	*Date sanction was imposed*	*Sanction still binding?*
Occupied Palestinian Territory	Mobility restrictions and economic blockade (Gaza Strip)	Israel	Mobility restrictions 2000 Economic blockade: June 2007 (Gaza Strip)	Yes
Sudan	Economic, trade and financial sanctions	United States	October 1997	Yes
Syrian Arab Republic	Economic sanctions (general export ban for non-food or medicine items)	United States	May 2004	Yes

ESCWA reports the impact of the above sanctions on the country, including on its trade and development as follows:

Sudan

A total trade embargo imposed by the United States, the world's largest economy, has seriously hampered the trade and development trajectory of the Sudanese economy. This is especially true with respect to the restriction imposed by the United States on trade with the Sudan's most important source of revenue, the petroleum and petrochemical industries. While petroleum-related exports and exchanges of expertise continue with the rest of the world, the lack of economic and technological contact with the United States has left the Sudanese petroleum

industry at a disadvantage. The fact that the ban on petroleum-related activities and transactions extends to South Sudan has further complicated the situation as South Sudan remains one of the most economically disadvantaged regions in the world, despite possessing abundant natural resources. Given that the current Government of South Sudan is not also a target of American sanctions, this policy has led to the suffering of innocent civilians not just in the Sudan, which is governed by a Government targeted by American trade sanctions, but also of innocent civilians in South Sudan, which is governed by an authority that has to attempt to ameliorate economic conditions in the face of sanctions that have been poorly targeted.

The banning of exports and imports between the Sudan and the United States has also hurt local industries and consumers. Industries — unable to access the largest economy in the world while also missing out on technological goods and services from the United States — suffer from inefficiencies in that sector. Consumers are also unable to purchase American goods and services, which may be of better quality than those currently available to ordinary Sudanese. The sanctions also curtail employment growth. Given the high birth rate, the youth bulge and high unemployment rates among the young in the Sudan, the sanctions have a disproportionate impact on the youth of the country.

Overall, sweeping trade and economic restrictions with the world's largest economy significantly hamper the trade and development trajectory of the Sudanese economy. Restrictions on access to the American market have hampered exports and decreased potential income, with negative repercussions on economic development in the country, including delaying the potential achievement of the Millennium Development Goals.

Syrian Arab Republic

The banning of exports of United States products other than food and medicine to the Syrian Arab Republic places a trade and development burden on the country. A range of goods and services needed for development purposes have either become unavailable or restricted owing to the higher price the consumer must pay for them from non-American sources. This impacts both local industries and consumers. Local industries are unable to access technologically rich goods and services that may lead to higher efficiency in output while consumers are also unable to enjoy American-made products that may be of better quality compared to the available alternatives.

Occupied Palestinian Territory

Restrictions on the economy and restrictions on movement have heavily affected Palestinians in every area of society. The economy has become heavily dependent to both foreign aid and the Israeli economy. Oppressive restrictions on imports have led to shortages of many basic commodities required for maintaining an adequate standard of living. Export restrictions have also curtailed trade with the outside world, and have ensured Israeli hegemony over the Palestinian economy. Unemployment remains worryingly high, and has forced the authorities to hire staff at a lower-than-average rate just in order to prevent skyrocketing labour force marginalization. Progress towards the realization of the Millennium Development Goals remains problematic in the face of budgetary, institutional and infrastructural

constraints, which can be directly attributed to the imposition of the above-mentioned restrictions.

The economic and trade blockade of the Gaza Strip has had significant ramifications on trade and development. Both import and export restrictions severely curtail trade not just with the outside world but also with the West Bank and East Jerusalem. Strict controls on "dual use" imports have also led to a lack of infrastructure, which was already in poor condition. As a result, the water and electrical supply has deteriorated, significantly impeding economic and, hence, employment-generating activities. The impact on the citizenry, which is both negative and widespread, has led to adverse effects on education and health (including psychological), including income levels.

In addition, ESCWA comments that:

- Previous and ongoing experiences of unilateral sanctions in Western Asia have been shown to create more tension and frustration, with an overall adverse effect on societies and populations;
- Unilateral sanctions are perceived across the region as a tool of Western dominance, especially since most current and previous sanctions have been imposed by Western countries, namely the United States and the European countries. Thus, whereas sanctions are usually meant to weaken a government and/or pressure it to undertake certain steps or change policies, the result tends to be increased anti-Western sentiment, more local support for the government/regime in question and, hence, more legitimacy for it and its policies.
- The most severe case of unilateral sanctions is the blockade imposed by Israel on the Gaza Strip. This blockade not only violates the principles of international law that are relevant to international trade, but it also violates other aspects of the Fourth Geneva Convention, namely article 33, which prohibits collective punishment.

United Nations Conference on Trade and Development

[Original: English]
[12 April 2011]

The contribution of the United Nations Conference on Trade and Development (UNCTAD) to the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries is submitted herewith.

UNCTAD does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries. The Accra Accord, which emerged from the twelfth session of UNCTAD in 2008, urged that States refrain from applying any unilateral economic, financial or trade measure not in accordance with international law and the Charter of the United Nations. It also stressed that meaningful trade liberalization would require addressing unilateral measures, where they may act as non-tariff trade barriers, and that international efforts should be made to reduce or eliminate such measures. Unilateral coercive economic measures affect the economic and social welfare of the citizens in the

targeted countries, particularly those in the middle- and low-income groups. Moreover, they cause economic and financial harm to third countries when they are applied extraterritorially.

UNCTAD has observed countries affected by economic sanctions during the 2008-2010 period as follows:

Target country	*Nature of sanction*	*Country imposing sanction*	*Date sanction was imposed*	*Sanction still binding?*
Cuba	Economic, commercial and financial embargo	United States	Early 1960s	Yes
Belarus, Cuba, Democratic People's Republic of Korea, Islamic Republic of Iran, Libyan Arab Jamahiriya, Myanmar, Sudan, Syrian Arab Republic	Exclusion from the Generalized System of Preferences	Some donor countries to the Generalized System of Preferences	Early 1970s to 2000s	Yes
Islamic Republic of Iran, Sudan, Syrian Arab Republic	Impacting the accession process to the World Trade Organization (WTO)	Some WTO Members	When the three countries applied for WTO membership in 1990s to 2000s	Yes
Occupied Palestinian Territory	Israeli closure policy imposed in the West Bank, and economic blockade on the Gaza Strip since mid-2007. In addition, the construction of the separation barrier in the West Bank by Israel increases the economic isolation and fragmentation of the Occupied Palestinian Territory	Israel	Closure policy imposed on the Occupied Palestinian Territory in mid-1990, but intensified in September 2000. Construction of the separation Barrier in the West Bank commenced in 2002 (almost completed). Blockade of Gaza Strip started in June 2007	Yes

UNCTAD describes the impact of the above sanctions on the countries, including on its trade and development, as follows.

The Generalized System of Preferences provides non-reciprocal preferential market access to developing countries and the least developed countries. Since its margin of preference may be highly advantageous, exclusion from Generalized System of Preferences schemes could mean a loss of competitiveness for exporters of agricultural and manufactured goods. The coercive measures have also had an impact on the WTO accession process of the Islamic Republic of Iran, the Sudan and the Syrian Arab Republic, and have caused a delay in their integration into the international trading system.

The United States embargo against Cuba has had significant negative effects on the Cuban economy and on the standard of living of Cuban citizens. The Government of Cuba reports that, on a conservative calculation, overall direct economic damage caused by the embargo had reached over $100 billion by the end of 2009. The losses are attributed to the additional costs incurred by the Cuban Government, enterprises and citizens in obtaining goods, services and financing. The embargo affects critical aspects of the lives of Cuban citizens, such as public health and the food supply. Moreover, it severely limits national development in strategic sectors such as science and technology, as well as industries such as informatics and communications owing to the dominant position of the United States in those fields. In cases where embargo measures are applied extraterritorially, the businesses and investments of third countries may also be affected.

Since 2000, Israel has intensified its closure policy, a policy that restricts the movement of people and goods within, to and from the Occupied Palestinian Territory. This has fragmented what is left of the economy into isolated islands and has substantially increased transaction costs and restricted access to global markets. Many existing businesses have become redundant and potential investments have vanished. At least one third of the 1998 Palestinian productive base (factories, farms, trees, buildings and land) was not replaced after it was destroyed, or simply deteriorated, during recurrent confrontations. The 709 kilometre "separation barrier", which is presently being constructed, and is near completion, by Israel, has resulted in the confiscation of 15 per cent of the West Bank's most fertile land, while Israel's security policy has limited fishermen's access to the sea and rendered 30 per cent of arable land in Gaza inaccessible to farmers. The cost of the December 2008/January 2009 Israeli military offensive on Gaza is slightly below $4 billion (almost three times the size of gross domestic product (GDP) of Gaza in 2006). The cumulative effect of these policies translates into a more than 14 per cent drop in real per capita GDP between 1999 and 2009, extremely high poverty and unemployment rates and deepening dependence on foreign aid and on the Israeli economy. It is estimated that the Palestinian exports in 2009 are 40 per cent below the 1999 level. The trade deficit continues to represent 60 per cent of GDP; more than 66 per cent of the overall deficit is net import from Israel. The latter is larger than the $2.4 billion in donor support received by the Palestinian Authority in 2009. All of these factors are undermining the prospects for a future viable and sovereign Palestinian state.

While the scope of the coercive measures applied to the countries concerned varies, the major impact is felt in loss of trade and foreign exchange earnings, reduction in production capacity and employment, limited access of the population to goods and services including health, education, science and technology, higher costs of transactions, lower living standard and lack of opportunity to integrate into a non-discriminatory and open international trading system.

Organization for Economic Cooperation and Development

[Original: English]
[18 April 2011]

The contribution of the Organization for Economic Cooperation and Development (OECD) to the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries, the Organization for Economic Cooperation and Development (OECD) is submitted herewith.

OECD does not agree with the imposition of unilateral economic measures as instruments of political and economic coercion against developing countries. OECD supports the smooth functioning of the rules-based multilateral trading system under which economic (i.e. trade), sanctions are enacted following a dispute settlement ruling.

United Nations A/66/139

General Assembly

Distr.: General
14 July 2011

Original: English

Sixty-sixth session
Item 132 of the preliminary list*
Financial reports and audited financial statements, and reports of the Board of Auditors

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly a letter dated 12 July 2011 from the Chairman of the Board of Auditors transmitting the report of the Board on implementation of its recommendations relating to the biennium 2008-2009, submitted in accordance with General Assembly resolution 52/212 B (see annex).

* A/66/50.

11-41609 (E) 040811

Please recycle

Annex

Letter of transmittal

12 July 2011

I have the honour to transmit to you the report of the Board of Auditors on the status of implementation of its recommendations relating to the biennium 2008-2009.

(*Signed*) **Liu** Jiayi
Auditor-General of the People's Republic of China
Chairman, United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Contents

		Page
I.	Introduction	6
II.	Status of implementation of the recommendations of the Board: overall observations	7
III.	Status of implementation of the recommendations of the Board, by entity	11
	A. United Nations	11
	B. International Trade Centre UNCTAD/WTO	13
	C. United Nations University	15
	D. United Nations Development Programme	16
	E. United Nations Children's Fund	19
	F. United Nations Relief and Works Agency for Palestine Refugees in the Near East	21
	G. United Nations Institute for Training and Research	24
	H. United Nations Environment Programme	25
	I. United Nations Population Fund	27
	J. United Nations Human Settlements Programme	29
	K. United Nations Office on Drugs and Crime	31
	L. International Criminal Tribunal for Rwanda	34
	M. International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law committed in the Territory of the Former Yugoslavia since 1991	36
	N. United Nations Joint Staff Pension Fund	37
	O. United Nations Office for Project Services	39
IV.	Acknowledgement	41
Appendix		
	Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007 as at 31 March 2009	42

Report of the Board of Auditors on the implementation of its recommendations relating to the biennium 2008-2009

Summary

Mandate

The present report relates to the recommendations made by the Board of Auditors in its reports for the biennium 2008-2009 and approved by the General Assembly in paragraph 2 of its resolution 65/243. It reflects the status of implementation as at 31 March 2011 categorized as recommendations that: (a) have been implemented; (b) are under implementation; (c) have not been implemented; or (d) have been overtaken by events.

Scope and methodology

The report covers 15 organizations on which the Board reports on a biennial basis to the General Assembly. The report does not cover activities on which the Board reports annually, or which are not reported to the General Assembly.

The Board validated the statistics supplied by the Administration of each entity on the status of implementation of the Board's recommendations in cases which it was possible to do so. In other cases, the data are still to be validated within the current audit cycle.

Overall observations

The number of recommendations made by the Board increased from 507 to 590, or 16 per cent compared to the previous biennium.

Implemented recommendations

The status of implementation of the Board's recommendations by individual organization is set out in table 2. The corresponding data as at 31 March 2009, extracted from the previous report of the Board (A/64/98), are set out in the appendix.

Compared with the position as at 31 March 2009 when the rate of implementation for the 2006-2007 recommendations was 47 per cent, the implementation rate for the biennium 2008-2009 as at 31 March 2011 remained broadly the same, at 46 per cent.

The Board has noted that generally the Administrations have considered the Board's recommendations seriously and have developed a range of good practice in enhanced follow-up. The Board nevertheless encourages the Administrations to intensify their efforts to ensure a higher rate of fully implemented recommendations.

The Board's recommendations cover a wide variety of topics across many organizations and the rates of implementation vary at the organizational level. As such, the Board was unable to identify any patterns or trends that it could highlight.

Partially implemented recommendations

The implementation rate of recommendations for the biennium 2008-2009 which are under implementation remains almost the same as that of the previous biennium, a slight increase from 46 per cent to 48 per cent.

Given that most of the entities have set target dates for the partially implemented recommendations and that some recommendations are to be systematically addressed through the implementation of the International Public Sector Accounting Standards (IPSAS), new or improved enterprise resource planning systems, or other business transformations, the Board has no major overall concern about the level of partial implementation, but does encourage entities to take action as quickly as possible on its recommendations. The Board nevertheless has identified a number of areas that some organizations could address to expedite the full implementation of the recommendations. They are set out in the relevant section of the present report.

Recommendations not implemented

The Board noted that 5 per cent of the recommendations made in the biennium 2008-2009 had not been implemented as at 31 March 2011, compared to 4 per cent for the previous biennium. While the Board recognizes that some entities may have valid reasons for non-implementation, there are other entities that have yet to begin the process of implementation.

I. Introduction

A. Mandate

1. In its resolution 52/212 B, the General Assembly emphasized that primary managerial responsibility and accountability for the implementation of the recommendations of the Board should remain with department heads and programme managers. In the same resolution, the Assembly endorsed the proposals of the Board (A/52/753) for improving the implementation of the recommendations approved by the Assembly, subject to the provision contained in the resolution.

2. The present report relates to recommendations made by the Board in its reports for the biennium 2008-2009 and approved by the General Assembly in paragraph 2 of its resolution 65/243. It reflects the status of implementation as at 31 March 2011 categorized as recommendations that (a) have been implemented, (b) are under implementation, (c) have not been implemented, or (d) have been overtaken by events.

B. Scope and methodology

3. The present report covers 15 organizations on which the Board reports on a biennial basis. Information and activities of organizations on which the Board reports annually (i.e., United Nations peacekeeping operations, the capital master plan and the Office of the United Nations High Commissioner for Refugees) are not included in the present report but appear, as in previous years, in an annex to the respective reports of the Board to the General Assembly. Similarly, activities on which reports are not submitted to the General Assembly (i.e., United Nations escrow (Iraq) accounts, United Nations Compensation Commission, United Nations Framework Convention on Climate Change, United Nations Convention to Combat Desertification and others) are not covered in the present report.

4. The Board requested that the 15 organizations covered in the present report provide it with the status of implementation of recommendations contained in its reports on the 2008-2009 accounts, as at 31 March 2011. Whenever audit teams were present at Headquarters between 31 March 2011 and 31 May 2011 for planning missions or substantive audits, they validated the data submitted. In most other cases, if the Board determined that it would not be cost-effective to dedicate specific teams to the review and validation of the data provided, it validated the data provided by the clients through a desk review.

5. The validation process consisted of a desk review or field audit and reviews of supporting documents to back up the assessment provided by each Administration. Whenever the evidence provided did not support the Administration's assessment, the Board reflected its own assessment in the validated data contained in the present report.

II. Status of implementation of the recommendations of the Board: overall observations

Number of recommendations

6. The number of recommendations made by the Board increased from 507 to 590, or 16 per cent compared to the previous biennium (table 1). The number of recommendations issued is a function of both the management issues identified as well as the audit approach and focus. The latter in particular can be variable over time since audit focus areas are subject to annual change in response to the Board's risk assessments and other factors. An increase in the number of recommendations is therefore not necessarily a reflection of a trend of weakening management or control, nor does it take account of the relative importance of individual recommendations, which again varies over time and across organizations.

Table 1
Number of recommendations issued by the Board of Auditors for the bienniums 2000-2001 to 2008-2009

	Number of recommendations					*Percentage increase (2006-2007 to 2008-2009)*
	2000-2001	*2002-2003*	*2004-2005*	*2006-2007*	*2008-2009*	
Total	**335**	**509**	**651**[a]	**507**	**590**	**16**

[a] Recommendations made in relation to the United Nations Office for Project Services, which were reflected in data for previous bienniums, have been excluded owing to the fact that, at the time of preparing the 2004-2005 status of recommendations, the audit had not been completed and thus the status of the recommendations could not be determined.

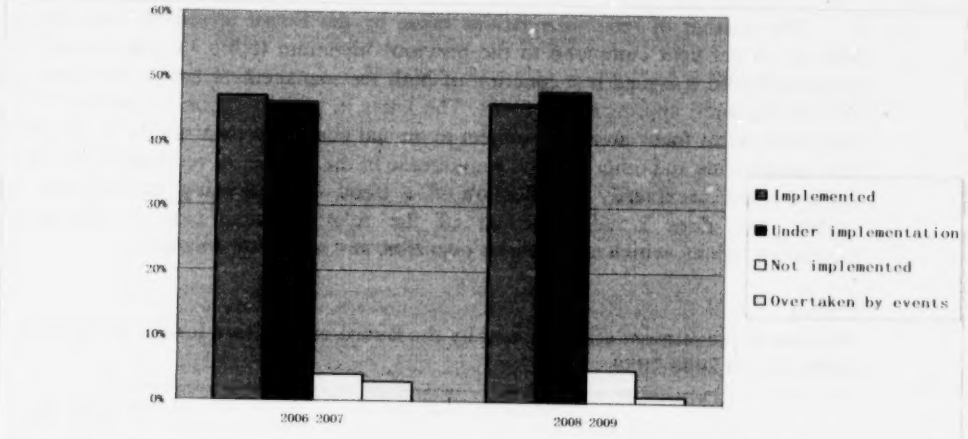
Implemented recommendations

7. The status of implementation of the Board's recommendations by individual organization is set out in table 2. The corresponding data as at 31 March 2009, extracted from the previous report of the Board (A/64/98), is set out in the appendix to the present report.

8. Compared with the position at March 2009 (47 per cent) the level of implementation at March 2011 (46 per cent) remained broadly the same, with no particular trend evident (figure I).

Figure I

Comparison of the overall status of implementation of the recommendations of the Board for the biennium 2008-2009 as at 31 March 2011 and for the biennium 2006-2007 as at 31 March 2009



9. The Board has noted that generally the Administrations have considered its recommendations seriously and have developed a range of good practice in enhanced follow-up. The Board nevertheless encourages those Administrations to intensify their efforts to ensure a higher rate of fully implemented recommendations.

10. Examples of enhanced follow-up of the Board's recommendations include:

(a) Senior management teams using the Board's report and recommendations to determine areas for priority action and monitoring as part of their ongoing corporate reporting arrangements;

(b) Identification of the root causes of recurring audit observations and development of appropriate action plans to address them;

(c) Improvement in areas requiring inter-agency cooperation and joint efforts to address issues that pertain to more than one organization;

(d) Establishment of clear target dates and completion standards for the implementation of the Board's recommendations to ensure that the implementation status can be easily monitored;

(e) Validation and related tracking by internal auditors to provide assurance to senior management teams that the Board's recommendations are being implemented in a meaningful and timely way.

11. The Board's recommendations cover a wide variety of topics across many organizations and the rates of implementation vary at the organizational level. Given the range of topics covered, the Board could not discern any meaningful patterns or trends that would merit comment. The Board does comment on individual organizations in section III below.

Partially implemented recommendations

12. The implementation rate of recommendations for biennium 2008-2009 which are under implementation remains almost the same as that of the previous biennium, a slight increase from 46 per cent to 48 per cent.

13. Given that most of the entities have set target dates for the partially implemented recommendations and that some recommendations are systematically being addressed through the implementation of the International Public Sector Accounting Standards (IPSAS), new or improved enterprise resource planning systems, or other business transformations, the Board has no major overall concern about the level of partially implemented recommendations; but does encourage entities to take action as quickly as possible on its recommendations. The Board did identify areas for some organizations to address, in particular:

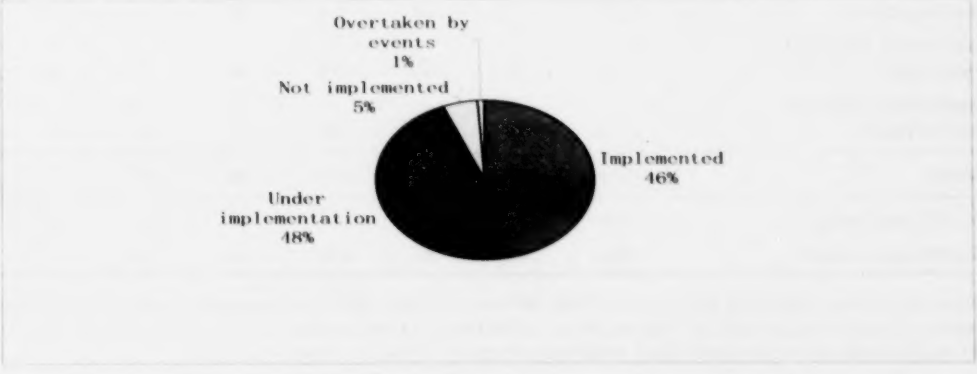
- The need to establish a dedicated follow-up mechanism or function;
- The failure to address the root causes of the problem identified by the Board, where in effect the action being taken is simply a stopgap. For example, the Board in previous years had recommended across many of the organizations the need to improve the management of non-expendable property; however, it is concerned that in many cases the Administration only issued the guidance to field offices without monitoring and necessary follow-up, which actually does not address the root causes of the problem.

Recommendations not implemented

14. In paragraph 2 of its resolution 65/243, the General Assembly approved the recommendations made by the Board with regard to 2008-2009. The Board noted that 5 per cent of those recommendations had not been implemented as at 31 March 2011 (figure II) compared to 4 per cent for the previous biennium.

Figure II

Overall status of implementation of the recommendations of the Board for the biennium 2008-2009 as at 31 March 2011



15. The reasons for non-implementation vary and are commented upon in detail at the entity level in section III. While the Board recognizes that some entities may

have valid reasons in some cases for non-implementation, there are other entities that have not yet begun the process of implementation.

Table 2
Status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009 as at 31 March 2011

Organization	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
United Nations Secretariat	72	29	40	37	51	4	6	2	3
International Trade Centre UNCTAD/WTO	9	1	11	8	89	—	—	—	—
United Nations University	16	4	25	9	56	3	19	—	—
United Nations Development Programme	89	46	52	43	48	—	—	—	—
United Nations Children's Fund	50	6	12	42	84	2	4		0
United Nations Relief and Works Agency for Palestine Refugees in the Near East	61	31	51	25	41	4	7	1	1
United Nations Institute for Training and Research	5	3	60	2	40	—	—	—	—
United Nations Environment Programme	26	10	38	13	50	3	12	—	—
United Nations Population Fund	93	61	66	31	33	1	1	—	—
United Nations Human Settlements Programme	19	10	53	7	37	2	11	—	—
United Nations Office on Drugs and Crime	15	1	7	9	60	5	33	—	—
International Criminal Tribunal for Rwanda	22	7	32	14	64	1	5	—	—
International Tribunal for the Former Yugoslavia	11	7	64	4	36	—	—	—	—
United Nations Joint Staff Pension Fund	43	17	40	19	44	7	16	—	—
United Nations Office for Project Services	59	39	66	20	34	—	—	—	—
Total	**590**	**272**	**46**	**283**	**48**	**32**	**5**	**3**	**1**
2006-2007 (percentage)	507	238	47	237	46	19	4	13	3
2004-2005 (percentage)[a]	651	342	52	276	43	28	4	5	1

[a] Status of implementation for the biennium 2004-2005 as at 31 May 2007 (data extracted from A/62/120, annex). Provides an indication of the relative pace of implementation of the Board's recommendations over three successive bienniums. Excludes 43 recommendations made with regard to the United Nations Office for Project Services.

III. Status of implementation of the recommendations of the Board, by entity

A. United Nations

16. Of the 72 recommendations made by the Board with respect to the accounts of the United Nations for the biennium 2008-2009[1] (for 2006-2007, 70 recommendations), the United Nations had implemented 29 (40 per cent), 37 (51 per cent) were under implementation, two (3 per cent) were overtaken by events, and four (6 per cent) were not accepted, as shown in figure III and table 3. Of the 72 recommendations, one was addressed to the International Civil Service Commission, which does not fall under the purview of the Secretariat; the recommendation was nevertheless implemented. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B above.

Figure III
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009: United Nations

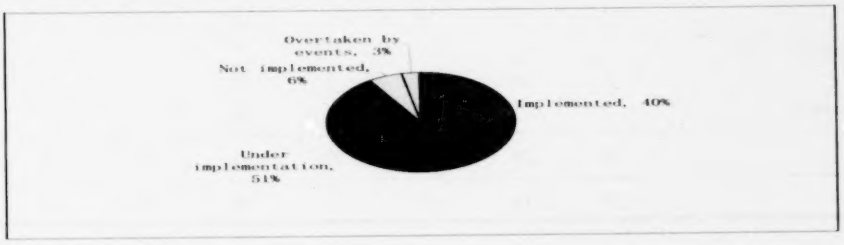


Table 3
Status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Presentation and disclosure of financial statements	1	—	—	1	100	—	—	—	—
Statement of income and expenditure	5	1	20	3	60	—	—	1	20
Technical cooperation activities	7	1	14	4	57	2	29	—	—
Progress made towards the implementation of the International Public Sector Accounting Standards	2	—	—	—	—	1	50	1	50
General trust funds	1	—	—	1	100	—	—	—	—
Other special funds	1	—	—	1	100	—	—	—	—

[1] See *Official Records of the General Assembly, Sixty-fifth Session, Supplement No. 5* (A/65/5), vol. I, chap. II.

Area	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Inter-organization balance	2	—	—	2	100	—	—	—	—
End-of-service liabilities	1	—	—	1	100	—	—	—	—
Results-based management/ budgeting	7	7	100	—	—	—	—	—	—
Treasury management	4	4	100	—	—	—	—	—	—
Programme and project management	11	5	45	5	45	1	9	—	—
Procurement and contract management	4	1	25	3	75	—	—	—	—
Non-expendable property management	6	5	83	1	17	—	—	—	—
Human resources management	9	1	11	8	89	—	—	—	—
Consultants, experts and temporary assistance	2	1	50	1	50	—	—	—	—
Information technology	4	1	25	3	75	—	—	—	—
Internal audit	2	1	50	1	50	—	—	—	—
Transportation and travel management	1	—	—	1	100	—	—	—	—
Inter-agency coordination	2	1	50	1	50	—	—	—	—
Total	**72**	**29**	**40**	**37**	**51**	**4**	**6**	**2**	**3**
2006-2007	70	19	27	47	68	3	4	1	1

17. Table 3 shows that the level of implementation in the biennium 2008-2009 (40 per cent) represented an increased rate of implementation compared to 2006-2007 (27 per cent). The Board is encouraged by this trend. The Board notes that at the time of this report, the level of implementation of the 2006-2007 recommendations had increased to 74 per cent.

18. The full implementation of 7 (19 per cent) of the 37 recommendations for 2008-2009 which were under implementation is contingent upon wider change programmes within the United Nations, specifically the implementation of IPSAS and the completion of the Umoja project.

19. Of the 37 recommendations for 2008-2009 which were under implementation, 27 have a target implementation date before July 2012, when the Board will provide a further update on their implementation in the context of its volume I report for the 2010-2011 biennium. If all are implemented on target, the implementation rate will rise to 78 per cent.

20. Although the General Assembly approved the recommendations and conclusions contained in the reports of the Board of Auditors, nevertheless four recommendations were not accepted, or were only partially accepted, by the Administration.

21. The first recommendation which was not accepted by the Administration relates to ensuring that all offices away from Headquarters and commissions

strengthen their preparation for the implementation of IPSAS in liaison with the Headquarters. The Administration noted that, although preliminary discussions for plans were under way, a detailed plan for implementation by offices away from Headquarters and Commissions could be drawn up only in the overall context of the implementation strategy that is dependent upon the Umoja roll-out strategy. For this reason, they assert that it will necessarily be a centrally planned exercise, and any isolated and uncoordinated effort by the offices away from Headquarters and Commissions would be redundant. The Administration stated that once detailed plans are drawn up, the offices away from Headquarters and Commissions shall be fully engaged. The Board is not fully convinced by this explanation, but does recognize that there are clear interdependencies between planning at Headquarters and the ability of the offices away from Headquarters and Commissions to move forward. The Board will return to this issue as part of the preparation of its report on United Nations volume I for 2012.

22. The second recommendation not accepted relates to rendering the preparation of the financial statements on technical cooperation less cumbersome and more easily auditable. The Board will reappraise the process, taking into account the Administration's comments, in its audit of the 2010-2011 financial statements and make a new recommendation if considered necessary.

23. The third unaccepted recommendation relates to the United Nations Assistance to the Khmer Rouge Trials review of its estimation methodology for preparing its future budgets with a view to better taking into account the actual implementation of previous budgets. Although noted that future budgets submitted for donor approval should forecast all anticipated resources, the Administration considered that past expenditures are not reflective of future requirements and that a forward-looking budget based on need ensures that budgetary approval is secured at the outset of the budget period, thereby eliminating the need for ad hoc requests for budgetary increases. The Board maintains that previous rates of budget implementation, which are an indicator of the Administration's ability to utilize the resources, should be taken into account when estimating the amount of work which is likely to be completed in a future period and hence the level of resources which should be requested.

24. The fourth recommendation not accepted relates to ensuring that the Department of Economic and Social Affairs plan for mandatory documents aimed at the general public is the subject of an evaluation of results. The Administration noted that evaluation was conducted through a variety of means, including feedback from members of the United Nations Executive Committee on Economic and Social Affairs, media coverage with partners in the Department of Public Information, sales figures and internal discussions. The Administration noted further that publications aimed at the general public are not subsidized, and are decided by external publishers. It was further noted that a differential pricing policy ensures that books are affordable in developing countries and that no systematic evaluation is conducted, since there is no money for it in the publication programme.

B. International Trade Centre UNCTAD/WTO

25. Of the nine recommendations made by the Board with respect to the accounts of the International Trade Centre UNCTAD/WTO (ITC) for the biennium 2008-

2009[2] (for 2006-2007, four recommendations), the ITC had implemented one (11 per cent) and eight (89 per cent) were under implementation, as shown in figure IV and table 4. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B above.

Figure IV
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009: International Trade Centre UNCTAD/WTO

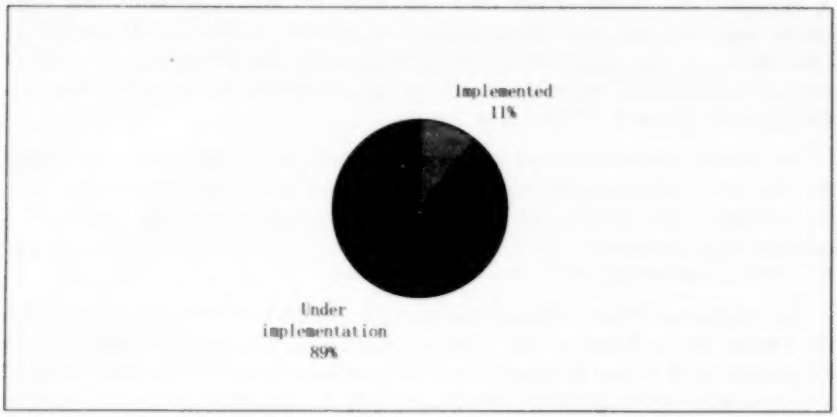


Table 4
Status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Statement of income and expenditure	1	—	—	1	100	—	—	—	—
Statements of assets, liabilities, reserves and fund balances	1	1	100	—	—	—	—	—	—
Technical cooperation activities	1	—	—	1	100	—	—	—	—
Progress made towards the implementation of the International Public Sector Accounting Standards	1	—	—	1	100	—	—	—	—
End-of-service liabilities, including after-health insurance	2	—	—	2	100	—	—	—	—
Results-based management/ budgeting	2	—	—	2	100	—	—	—	—
Non-expendable property	1	—	—	1	100	—	—	—	—
Total	**9**	**1**	**11**	**8**	**89**	**—**	**—**	**—**	**—**
2006-2007	4	1	25	3	75	—	—	—	—

[2] Ibid., vol. III, chap. II.

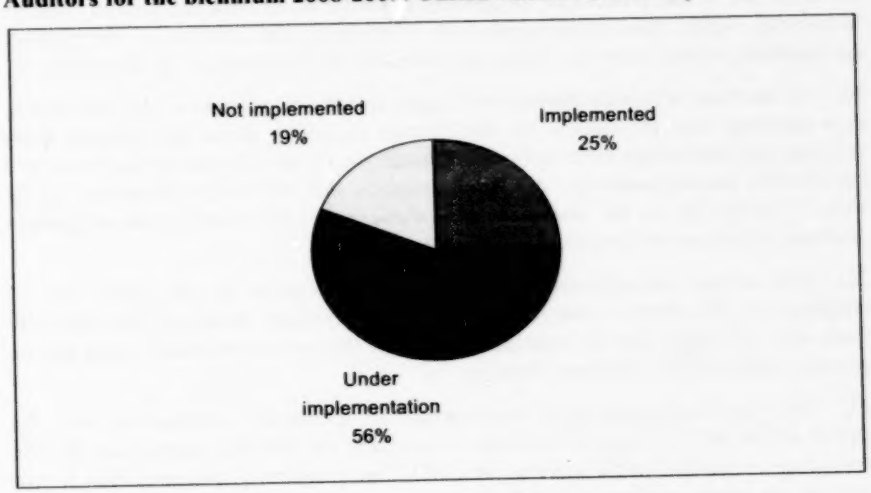
26. Eight recommendations remain under implementation. For three of them, the full implementation relates to the wider adoption of IPSAS within the United Nations and harmonization of accounting policies (i.e., the treatment of end-of-service liabilities, including after-service health insurance, and valuation of leave liabilities).

27. With regard to the recommendation to increase the level of the operating reserve under technical cooperation trust funds from 7 to 15 per cent, ITC reported that it had increased the level to 10.7 per cent as at 31 December 2010, which represents some progress. The Board will validate progress against this recommendation when the next biennial financial statements are presented. ITC indicated that it would implement the remaining four recommendations in 2011.

C. United Nations University

28. Of the 16 recommendations made by the Board with respect to the accounts of the United Nations University (UNU) for the biennium 2008-2009[3] (for 2006-2007, 21 recommendations), UNU had implemented 4 (25 per cent), 9 (56 per cent) were under implementation, and 3 (19 per cent) were not implemented. The status of implementation of the Board's recommendations presented in figure V and table 5 was validated by the Board, as explained in section I.B above.

Figure V
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009: United Nations University



[3] Ibid., vol. IV, chap. II.

Table 5
Status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009, by focus area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Financial overview	2	—	—	1	50	1	50	—	—
End-of-service liabilities, including after-service health insurance	2	—	—	2	100	—	—	—	—
Programme and project management	4	—	—	3	75	1	25	—	—
Procurement and contract management	4	2	50	2	50	—	—	—	—
Non-expendable property management	1	1	100	—	—	—	—	—	—
Consultants, experts and temporary assistance	1	1	100	—	—	—	—	—	—
Transportation and travel management	1	—	—	1	100	—	—	—	—
Internal audit function	1	—	—	—	—	1	100	—	—
Total	**16**	**4**	**25**	**9**	**56**	**3**	**19**	**0**	**0**
2006-2007	21	13	62	7	33	—	—	1	5

29. Of the nine recommendations under implementation, three recommendations relating to the equity investment in the Endowment Fund as well as end-of-service liabilities are in the process of discussion or consultation with the United Nations Secretariat, while two recommendations concerning the review of the project management manual were also being addressed by the Directors of the Institutes.

30. Of the three recommendations not implemented, one relates to UNU disclosing in a separate note the reason for the change in policy about the transfer from reserves and fund balances to income. Although the General Assembly had endorsed the Board's recommendation, the Administration did not accept it because in its view, footnote (c) of the statement of income and expenditures had adequately disclosed necessary information.

31. The second unimplemented recommendation relates to the wider use of languages to disseminate project outputs. The University indicated that currently there was no budget for the translation and that the recommendation could not be implemented without additional funding.

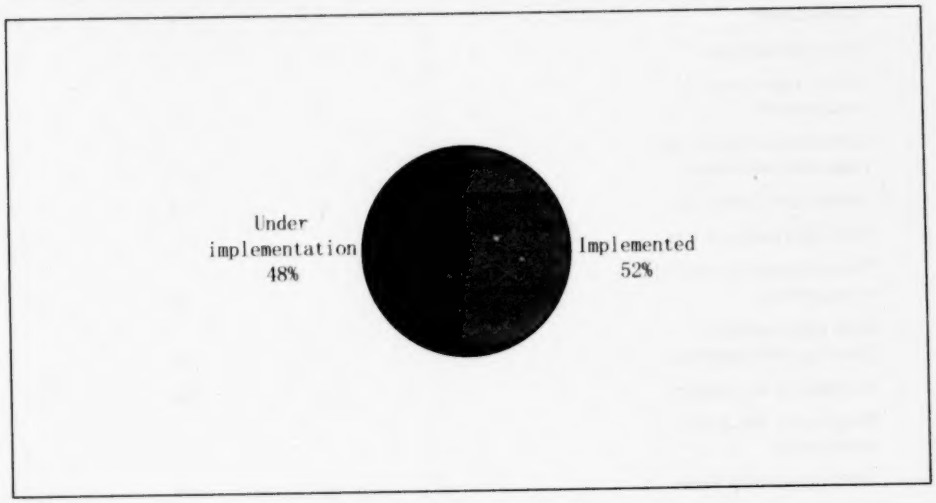
32. The third unimplemented recommendation relates to coordination with the Office of Internal Oversight Services to expedite the funding agreement for the provision of internal audit services to UNU. The University indicated that it was waiting for OIOS to finalize the funding agreement. The Board will review these matters in the final audit for biennium 2010-2011.

D. United Nations Development Programme

33. Of the 89 (2006-2007: 82) recommendations made by the Board with respect to the accounts of the United Nations Development Programme (UNDP) for the

biennium 2008-2009,[4] UNDP implemented 46 (52 per cent), while 43 (48 per cent) were under implementation as shown in figure VI and table 6. The status of implementation of the recommendations was validated by the Board, as explained in the scope and methodology section of the introduction to the present report, section I.B.

Figure VI
Overall status of implementation of the recommendations of the Board for the biennium 2008-2009: United Nations Development Programme



34. Three areas showed evidence of a relatively low implementation rate: financial statement matters; end-of-service and post retirement benefits; and asset management as shown in table 6.

Table 6
Status of implementation of the recommendations of the Board for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*	
		Number	*Percentage*	*Number*	*Percentage*
Financial statements matters	10	2	20	8	80
Capital assets and work in progress	1		—	1	100
General and related trust funds	3	1	33	2	67
End-of-service and post-retirement benefits	5	—	—	5	100

[4] Ibid., *Supplement No. 5A* (A/65/5/Add.1), chap. II.

Area	*Number of recommendations*	*Implemented*		*Under implementation*	
		Number	*Percentage*	*Number*	*Percentage*
Progress towards implementation of IPSAS	1	—	—	1	100
Results-based management	2	—	—	2	100
Treasury management, including bank and cash	1	1	100	—	—
Procurement and contract management	7	5	71	2	29
Asset management	5	—	—	5	100
Human resources management	7	5	71	2	29
Consultants, experts and temporary assistance	2	2	100	—	—
Information technology	9	8	89	1	11
Inter-fund balances	2	—	—	2	100
Transportation and travel management	2	1	50	1	50
Enterprise resource planning implementation	1	1	100	—	—
Programme expenditure	7	7	100	—	—
Programme and project management	2	—	—	2	100
Multi-donor trust funds	5	3	60	2	40
Common services	1	1	100	—	—
Safety and security	1	1	100	—	—
United Nations Fund for Women	3	2	67	1	33
United Nations Capital Development Fund	3	2	67	1	33
Harmonized Approach to Cash Transfer	2	—	—	2	100
Regional centre functional alignment	4	2	50	2	50
Internal oversight	3	2	67	1	33
Total	**89**	**46**	**52**	**43**	**48**
2006-2007	82	33	40	49	60

35. Table 6 above reflects a slight increase in the number of recommendations, from 82 recommendations for the biennium 2006-2007 to 89 for the biennium 2008-2009. The rate of implementation also increased from 40 per cent in 2006-2007 to 52 per cent in 2008-2009, while the rate of recommendations under implementation decreased, from 60 per cent to 48 per cent.

36. The Board noted that most of the recommendations under implementation were, according to management timelines, on target for full implementation at respective dates. The target implementation target dates ranged from the second quarter of 2011 to first quarter of 2012. UNDP informed the Board that several policy-related recommendations are expected to be closed with IPSAS implementation in January 2012, and most financial statements-related recommendations would be implemented at the end of the biennium 2010-2011 when the financial statements are prepared.

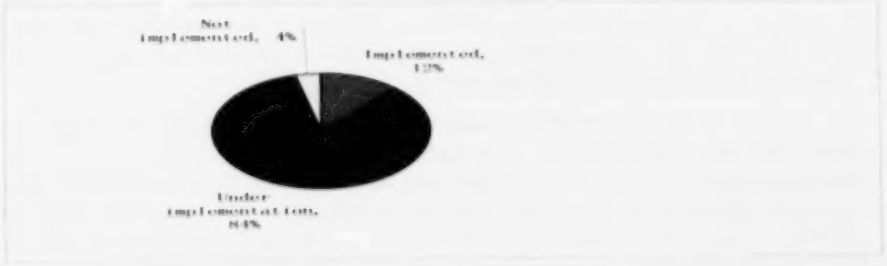
37. The Board is generally satisfied with the status of implementation. Most of the recommendations under implementation were on target in accordance with management's implementation target dates. The Board also noted that an adequate tracking mechanism was in place, and that that was important for full implementation of recommendations.

38. The Board commends the efforts instituted by UNDP to track its recommendations. UNDP enhanced its audit tracking database by introducing a real-time web-based tracking database which allows the responsible section head to upload information and documents to support the changes made to the status of implementation at a database. Once amendments are made, this will automatically send an alert message to the internal auditors that the status has been updated, allowing the auditor to review the supporting documents and reassess the status accordingly. The responsible section head is also alerted to the changes made by the internal auditors. This process will allow for an audit trail to be maintained on how the recommendation was implemented.

E. United Nations Children's Fund

39. Of the 50 (2006-2007: 42) recommendations made by the Board with respect to the accounts of the United Nations Children's Fund (UNICEF) for the biennium 2008-2009,[5] UNICEF implemented 6 (12 per cent), while 42 (84 per cent) were under implementation and 2 (4 per cent) were not implemented, as shown in figure VII and table 7. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B of the present report.

Figure VII
Overall status of implementation of the recommendations of the Board for the biennium 2008-2009: United Nations Children's Fund



[5] Ibid., *Supplement No. 5B* (A/65/5/Add.2), chap. II.

40. Six areas showed evidence of a relatively low implementation rate: financial statement matters, end-of-service liabilities, including after-service health insurance, results-based management/budgeting, cash transfers, procurement and contract management, and consultants, experts and temporary assistance, as shown in table 7.

Table 7
Status of implementation of the recommendations of the Board for the biennium 2008-2009, by thrust areas

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Progress towards IPSAS implementation	1	1	100	—	—	—	—
Statement of income and expenditure	5	—	—	5	100	—	—
Statement of assets, liabilities and reserves and fund balances	2	—	—	2	100	—	—
End-of-service liabilities, including after-service health insurance	4	—	—	3	75	1	25
Results-based management/budgeting	3	—	—	3	100	—	—
Cash transfers	3	—	—	3	100	—	—
Programme and project management	6	—	—	6	100	—	—
Procurement and contract management	4	—	—	3	75	1	25
Non-expendable property management	2	1	50	1	50	—	—
Inventory management	3	2	67	1	33	—	—
Human resources management	3	1	33	2	67	—	—
Consultants, experts and temporary assistance	2	—	—	2	100	—	—
Information technology	2	—	—	2	100	—	—
Enterprise resource planning systems	1	—	—	1	100	—	—
Internal audit function	1	—	—	1	100	—	—
Revenue-producing activities	6	1	17	5	83	—	—
Travel management	2	—	—	2	100	—	—
Total	**50**	**6**	**12**	**42**	**84**	**2**	**4**
2006-2007	42	34	81	8	19	—	—

41. Table 7 reflects an increase in the number of recommendations compared with the biennium 2006-2007. The rate of implementation decreased significantly from 81 per cent in the biennium 2006-2007 to 12 per cent in the biennium 2008-2009, while the rate of recommendations under implementation was significantly increased, from 19 per cent to 84 per cent.

42. For the 42 recommendations under implementation, the Board noted that the status was due mainly to the fact that many recommendations relate to the implementation of IPSAS. UNICEF informed the Board that these recommendations would be addressed as part of the adoption of IPSAS in 2012, together with the adoption of the new accounting policies, financial rules and regulations as well as the VISION enterprise resource planning system. The Board recognizes that only until all field visit audits planned for the biennium 2010-2011 have been conducted,

can it make a full assessment of the status of the 2008-2009 recommendations which are classified as under implementation. The Board will review the status of these recommendations in its final audit for the biennium 2010-2011.

43. The Board noted the efforts made by UNICEF to review its accounting policies and update the Financial Rules and Regulations, Programme Policies and Procedures Manual, as well as the Supply Division Procedure. It also noted that UNICEF had updated the training and communication plans based on the revised timeline for IPSAS adoption. The Board encourages UNICEF to take more measures to make full use of the benefits brought by the implementation of IPSAS to achieve good value for money.

44. There were two recommendations for the biennium 2008-2009 that were not implemented. The first one was about the revision of UNICEF's policy for the valuation of leave liability. UNICEF informed the Board that the valuation used as at 31 December 2009 was in compliance with the United Nations system of accounting standards and is a United Nations system-wide issue that is currently under discussion with the Board and all United Nations agencies.

45. The second unimplemented recommendation relates to the penalty clause in purchase orders for late delivery. UNICEF indicated that the liquidated damage claim was optional in the Supply Manual. Notwithstanding that, the Board is of the view that penalties for late delivery of goods and services are in the best interest of the organization. The Board will revert to these two matters in the context of the next audit of UNICEF.

F. United Nations Relief and Works Agency for Palestine Refugees in the Near East

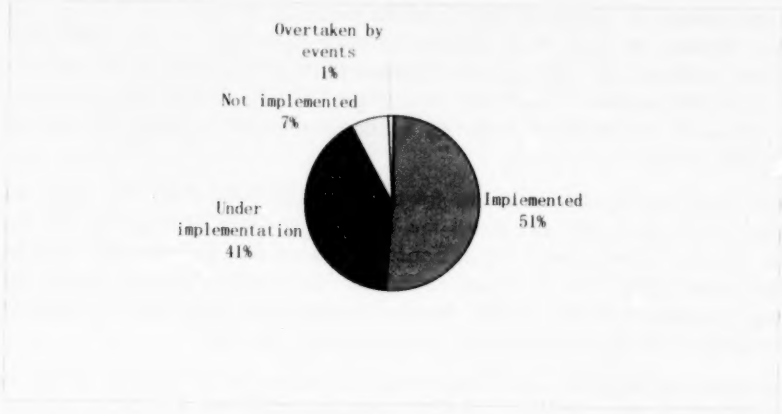
46. Of the 61 (2006-2007: 31) recommendations made by the Board with respect to the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for the biennium 2008-2009,[6] UNRWA implemented 31 (51 per cent), while 25 (41 per cent) were under implementation, 4 (7 per cent) were not implemented and 1 (1 per cent) has been overtaken by events as shown in figure VIII and table 8. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B above.

47. The number of recommendations has increased from 31 to 61, owing in part to the issuance of a modified opinion for the biennium 2008-2009.

[6] Ibid., *Supplement No. 5C* (A/65/5/Add.3), chap. II.

Figure VIII

Overall status of implementation of the recommendations of the Board for the biennium 2008-2009: United Nations Relief and Works Agency for Palestine Refugees in the Near East



48. Four areas showed evidence of a relatively low implementation rate: programme and project management; non-expendable property management; information technology; and internal audit function, as shown in table 8. These areas made up 27 of the 61 recommendations, and 18 of the recommendations were under implementation.

49. In respect of recommendations relating to project management, UNRWA informed the Board that it was developing a project management handbook, which would cover the management of all projects, setting out the responsibilities of all role players as well as the competencies and training required.

50. Regarding recommendations relating to non-expendable property management, UNRWA informed the Board that as part of the IPSAS implementation process, it was in the process of performing physical verification of its assets and valuations of its land buildings to update its fixed asset register.

Table 8

Status of implementation of the recommendations of the Board for the biennium 2008-2009, by thrust areas

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Progress towards the implementation of IPSAS	2	2	100	—	—	—	—	—	—
Financial statement matters	13	10	76	1	8	1	8	1	8
Capital assets and construction work in progress	2	1	50	1	50			—	—
End-of-service liabilities, including after-service health insurance	1	—	—	—	—	1	100	—	—
Treasury management	1	1	100	—	—	—	—	—	—

Area	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Programme and project management	4	—	—	4	100	—	—	—	—
Procurement and contract management	4	3	75	1	25	—	—	—	—
Non-expendable property management	4	—	—	4	100	—	—	—	—
Expendable property management	2	—	—	2	100	—	—	—	—
Human resources management	7	6	86	1	14	—	—	—	—
Organizational environment and controls	2	1	50	1	50	—	—	—	—
Information technology	10	6	60	3	30	1	10	—	—
Internal audit function	9	1	11	7	78	1	11	—	—
Total	**61**	**31**	**51**	**25**	**41**	**4**	**7**	**1**	**1**
2006-2007	31	15	48	16	52	—	—	—	—

51. With respect to recommendations relating to information technology, UNRWA informed the Board that it was in the process of drafting its Disaster Recovery Plan to establish a specific arrangement for recovery of critical operational systems, and that it was in the process of recruiting more resources to assist with strengthening the information technology department.

52. In respect of recommendations relating to internal audit function, the UNRWA Division of Internal Oversight Service informed the Board that it was in the process of seeking more resources in order to be able to execute its functions more effectively. The Board is aware that the position of Head of Internal Audit has changed since the Board's report, which has impacted on the implementation of the recommendations.

53. Four recommendations have not been implemented. The first one relates to advance payments made to suppliers which were disclosed as prepayment under current assets in the balance sheet and were also included in the accounts payable note in the financial statements. UNRWA informed the Board that advance payments were included in accounts payable to track inventory in transit. The Board is of the view that the disclosure is misleading and urges UNRWA to correctly disclose the effects of the transactions that have occurred.

54. The second recommendation which was not implemented relates to repatriation grant and leave pay encashment liabilities that were not recorded in the financial statements, while the information had been disclosed in the notes to the financial statements in the biennium 2006-2007. While the liabilities for international staff are borne by the United Nations, the Board is aware that the UNRWA international staff includes staff members employed for project activities. Their respective costs are borne by UNRWA, which will have to estimate these costs and reflect them in the financial statements.

55. The third recommendation relates to the fact that the UNRWA Advisory Committee on Internal Oversight did not review the financial statements as required under the Organizational Directive. The UNRWA Division of Internal Oversight

Service informed the Board that the Advisory Committee would consider reviewing the financial statements for the next biennium.

56. The fourth recommendation not implemented relates to lack of segregation of duties of the enterprise system administrator and the database administrator. UNRWA informed the Board that it was in the process of obtaining additional resources and had instituted interim measures to achieve segregation; however, the Board is of the view that the interim measures were not sufficient and as such the recommendation is classified as not implemented.

57. The one recommendation overtaken by events relates to the disclosure of inventory accounting policy. UNRWA explained that the inventory accounting policy would be addressed with the implementation of IPSAS.

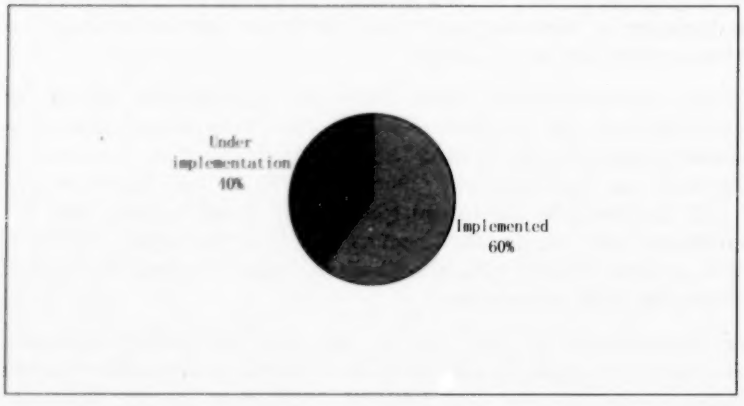
58. The Board is generally satisfied with the overall status of the United Nations Relief and Works Agency for Palestine Refugees in the Near East implementation of its recommendations as the majority of the recommendations that are under implementation are on target in accordance with the UNRWA implementation plan and some will be addressed with IPSAS implementation. The Board is, however, concerned about the four recommendations that were not implemented, which indicate that management had not started the process of implementation of those recommendations.

G. United Nations Institute for Training and Research

59. Of the five (2006-2007: 12) recommendations made by the Board with respect to the accounts of the United Nations Institute for Training and Research (UNITAR) for the biennium 2008-2009,[7] UNITAR implemented three (60 per cent), while two (40 per cent) were under implementation. The status of implementation of the Board's recommendations presented in figure IX and table 9 below was validated by the Board, as explained in section I.B above.

Figure IX

Overall status of implementation of the recommendations of the Board for the biennium 2008-2009: United Nations Institute for Training and Research



[7] Ibid., *Supplement No. 5D* (A/65/5/Add.4), chap. II.

Table 9
Status of implementation of the recommendations of the Board for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
End-of-service liabilities, including after-service health insurance	1	—	—	1	100	—	—	—	—
Results-based management/ budgeting	1	1	100	—	—			—	—
Procurement and contract management	2	1	50	1	50	—	—	—	—
Internal audit function	1	1	100	—	—	—	—	—	—
Total	**5**	**3**	**60**	**2**	**40**	—	—	—	—
2006-2007	12	8	67	2	17	1	8	1	8

60. The relatively low rate of implementation compared to 2006-2007 can be attributed to the nature of the issues which has to be dealt with by United Nations Headquarters in New York and the United Nations Office in Geneva.

61. With regard to the two recommendations under implementation, the first relates to end-of-service liabilities. The Administration stated that it had referred the issue to the United Nations Controller for the appropriate action, as it is a matter of accounting policy. The financial statements of the Institute are prepared by the United Nations Controller.

62. The second recommendation under implementation relates to procurement and contract management. The Administration indicated that it was negotiating with the United Nations Office at Geneva to determine the additional finance and budget functions that will be transferred to UNITAR. Following the conclusion of this exercise, the memorandum of service agreement will be updated.

H. United Nations Environment Programme

63. Of the 26 recommendations made by the Board with respect to the accounts of the United Nations Environment Programme (UNEP) for the biennium 2008-2009[8] (for 2006-2007, 11 recommendations), UNEP had implemented 10 (38 per cent), 13 (50 per cent) were under implementation, and three (12 per cent) had not been implemented, as shown in figure X and table 10.

64. Of the 26 recommendations, none were addressed directly to the UNEP Division of the Global Environment Facility (GEF) which at the time was a stand-alone division with secondary reporting lines to GEF Trustees on fiduciary discharge. The status of implementation of the Board's recommendation presented below was validated by the Board, as explained in section I.B above.

[8] *Supplement No. 5F* (A/65/5/Add.6), chap. II.

Figure X
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009: United Nations Environment Programme

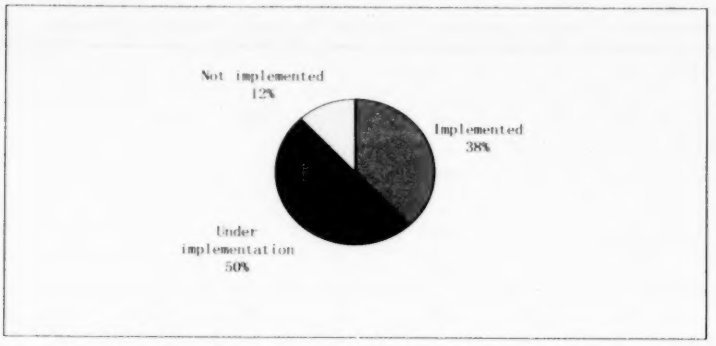


Table 10
Status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Financial management and reporting	12	4	33	5	42	3	25	—	—
Reporting for multilateral environmental agreements	4	1	25	3	75	—	—	—	—
Arrangements with United Nations Office at Nairobi	1	1	100	—	—	—	—	—	—
Progress made towards the implementation of the International Public Sector Accounting Standards	1	—	—	1	100	—	—	—	—
Enterprise resource planning system	2	1	50	1	50	—	—	—	—
Procurement and contract management	2	1	50	1	50	—	—	—	—
Performance monitoring	1	—	—	1	100	—	—	—	—
Information and communications technology	1	1	100	—	—	—	—	—	—
Internal audit	1	1	100	—	—	—	—	—	—
Cases of fraud and presumptive fraud	1	—	—	1	100	—	—	—	—
Total	**26**	**10**	**38**	**13**	**50**	**3**	**12**	—	—
2006-2007	11	4	36	5	46	1	9	1	9

65. Table 10 shows minimal changes in the rate of implementation of the Board's recommendations. The percentage of recommendations that were fully and partially implemented has remained almost the same in comparison with the previous biennium, despite a doubling in the number of recommendations for 2008-2009 compared with 2006-2007.

66. There are 13 recommendations under implementation. For five of them, which were made in respect of Financial management and reporting, UNEP indicated that these would be addressed fully within the financial statements for the biennium ending 31 December 2011.

67. For three recommendations outside the financial management and reporting area, which are under implementation, they are contingent on the pace of UNEP transition to IPSAS, and on the appropriate functionalities being built into the new enterprise resource planning.

68. For the recommendation relevant to the Umoja project that UNEP add a field into its current financial information management system (IMIS), to enable the recording of contract numbers for goods and services that are procured, the Board understands from UNEP that in anticipation of the transition to Umoja, there is currently a moratorium on making enhancements to IMIS, and that so far the only element of this recommendation that UNEP has been able to take forward is the recommendation to keep the contract management database up to date.

69. The remaining four recommendations under implementation relate to the legal situation and disclosure approach of the Multilateral Fund; the control over and disclosure of the Multilateral Environmental Agreements; closure of the Trust Fund for the establishment of the interim secretariat of the Biological Diversity Convention; and documentary evidence for all indicators of achievement. UNEP indicated that work on those recommendations remained ongoing.

70. There are three recommendations not implemented, as they were dependent on policy changes that were required to be made at the Controller's Office at United Nations Headquarters, and the subsequent issuance of instructions.

I. United Nations Population Fund

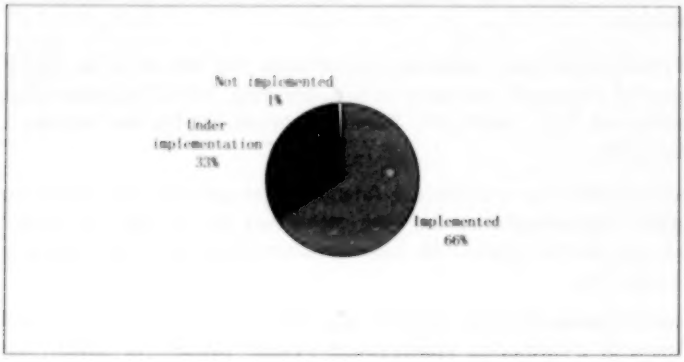
71. Of the 93 (2006-2007: 60) recommendations made by the Board with respect to the accounts of the United Nations Population Fund (UNFPA) for the biennium 2008-2009,[9] UNFPA implemented 61 (66 per cent), while 31 (33 per cent) were under implementation and 1 (1 per cent) was not implemented, as shown in figure XI. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B of the present report.

72. The number of recommendations increased from 60 to 93, due in part to the issuance of a modified audit opinion for the biennium 2008-2009.

[9] Ibid., *Supplement No. 5G* (A/65/5/Add.7), chap. II.

Figure XI

Overall status of implementation of the recommendations of the Board for the biennium 2008-2009: United Nations Population Fund



73. UNFPA showed a slightly lower overall rate of implementation compared with the previous biennium, in relation to the following areas: financial statement matters; programme and project management, including the national execution modality (NEX); and the Procurement Services Branch, as shown in table 11.

Table 11

Status of implementation of the recommendations of the Board for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Progress towards the implementation of IPSAS	3	2	67	1	33	—	—
Financial statement matters	8	5	63	3	37	—	—
General Trust funds	3	2	67	1	33	—	—
End-of-service liabilities, including after-service health insurance	3	1	33	1	33	1	34
Results-based management	1	1	100	—	—	—	—
Treasury management	5	5	100	—	—	—	—
Programme and project management, including NEX	21	13	62	8	38	—	—
Procurement and contract management	9	7	78	2	22	—	—
Non-expendable property management	7	7	100	—	—	—	—
Expendable property management	2	—	—	2	100	—	—
Human resource management	5	2	40	3	60	—	—
Consultants, experts and temporary assistance	2	1	50	1	50	—	—
Procurement Services Branch	17	10	59	7	41	—	—

Area	Number of recommendations	Implemented		Under implementation		Not implemented	
		Number	Percentage	Number	Percentage	Number	Percentage
Internal audit function	2	2	100	—	—	—	—
Transportation and travel management	3	1	33	2	67	—	—
Inter-agency coordination	2	2	100	—	—	—	—
Total	**93**	**61**	**66**	**31**	**33**	**1**	**1**
2006-2007	60	44	73	15	25	1	2

74. The only recommendation that was not implemented relates to the accuracy, validity and completeness of census data provided by UNFPA to the actuary for the computation of end-of-service liabilities. That recommendation can be implemented only when the next actuarial valuation is performed, which is scheduled for December 2011.

75. Programme and project management, including NEX, made up the highest number of recommendations (21 recommendations). The Board acknowledges the efforts employed by management in addressing those recommendations, which resulted in 62 per cent of the 21 recommendations being classified as implemented. This is a good indication that UNFPA has implemented adequate processes to address the initial stages of the NEX process. The remaining recommendations can be implemented only when the NEX cycle is complete. The Board encourages management to keep these matters under review to ensure that the improved processes and controls are sustained in order for the results of NEX reports to be adequately managed.

76. UNFPA informed the Board that the majority of recommendations under implementation relate to ongoing processes and that they were on track in accordance with management's action plans. The Board noted that some recommendations that were under implementation relate to processes that had already been implemented by UNFPA. The Board, however, could not validate the new processes or system as they required an extensive or substantive audit to assess the adequacy of measures employed by management. This affected two recommendations relating to NEX; three recommendations relating to leave management; and one recommendation relating to the Procurement Services Branch.

77. The Board is generally satisfied with the progress made by UNFPA given that the implementation was on target in accordance with the management action plans. The Board acknowledges that certain recommendations can only be fully implemented with preparation of the biennium-end financial statements and encourages management to keep these matters under review.

J. United Nations Human Settlements Programme

78. Of the 19 recommendations made by the Board with respect to the accounts of the United Nations Human Settlements Programme (UN-Habitat) for the biennium

2008-2009[10] (for 2006-2007, 18 recommendations), UN-Habitat had implemented 10 (53 per cent), 7 (37 per cent) were under implementation, and 2 (10 per cent) had not been implemented, as shown in figure XII and table 12.

79. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B above.

Figure XII
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009: United Nations Human Settlements Programme

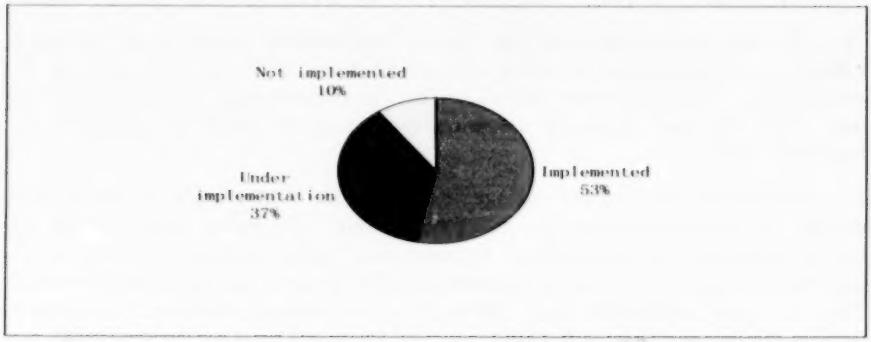


Table 12
Status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Financial management and reporting	10	5	50	3	30	2	20	—	—
Progress made towards the implementation of the International Public Sector Accounting Standards	1	—	—	1	100	—	—	—	—
Enterprise resource planning system	2	—	—	2	100	—	—	—	—
Procurement and contract management	3	2	67	1	33	—	—	—	—
Performance monitoring	1	1	100	—	—	—	—	—	—
Information and communications technology	1	1	100	—	—	—	—	—	—
Internal audit	1	1	100	—	—	—	—	—	—
Total	**19**	**10**	**53**	**7**	**37**	**2**	**10**	—	—
2006-2007	18	7	39	8	44	2	11	1	6

80. Table 12 indicates a slight increase in the percentage of recommendations that were fully implemented, and this is in line with the small reduction of

[10] Ibid., *Supplement No. 5H* (A/65/5/Add.8), chap. II.

recommendations under implementation. Also, the volume of recommendations made in comparison with 2006-2007 has remained at the same level.

81. The Board noted that the majority of recommendations were made in respect of Financial management and reporting. Half of the recommendations made in this area were fully implemented, while the remainder were either not implemented or were under implementation. Of the five recommendations not fully implemented or not implemented at all, three are dependent on policy changes required to be made at United Nations Headquarters, and the subsequent issuance of instructions.

82. Three of the remaining four recommendations that are not fully implemented are contingent on the pace of the transition to IPSAS, and on the appropriate functionalities being built into the new enterprise resource planning system. UN-Habitat stated that it was working closely with the United Nations Office at Nairobi, its accounting service provider, and with the IPSAS/Umoja teams, to ensure its requirements for the implementation of these recommendations are captured in the process of configuring and rolling out the new enterprise resource planning. In advance, however, of the new enterprise resource planning system being rolled out, UN-Habitat has put in place oversight controls to monitor the use of journal vouchers.

83. The fourth recommendation in respect of Financial management and reporting that was not fully implemented relates to the recording of contract numbers for procured goods and services by adding a field into its current financial information management system (IMIS). UN-Habitat indicated that in anticipation of the transition to the enterprise resource planning, there is currently a moratorium on making enhancements to IMIS, and that so far the only element of this recommendation taken by UN-Habitat is to keep the contract management database up to date.

84. With regard to the recommendations in relation to the fully automated preparation of financial statements, and updating its manual for checks and controls to improve the descriptions therein, UN-Habitat has acquired a new tool (Business Objects) to reduce the manual operations within its accounts preparation process, and is currently working to deploy the new software. A review of the manual for checks and controls has also been undertaken and the manual has been updated.

85. Regarding the Board's recommendation that UN-Habitat extend its Inventory Management system to its field offices, this process, which is under way, is to be completed by September 2011.

K. United Nations Office on Drugs and Crime

86. Of the 15 recommendations made by the Board with respect to the accounts of the United Nations Office on Drugs and Crime for the biennium 2008-2009[11] (for 2006-2007, 19 recommendations), the Office had implemented 1 (7 per cent); while 9 (60 per cent) were under implementation and 5 (33 per cent) had not been implemented as shown in figure XIII and table 13. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B above.

[11] Ibid., *Supplement No. 5I* (A/65/5/Add.9), chap. II.

Figure XIII
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009: United Nations Office on Drugs and Crime

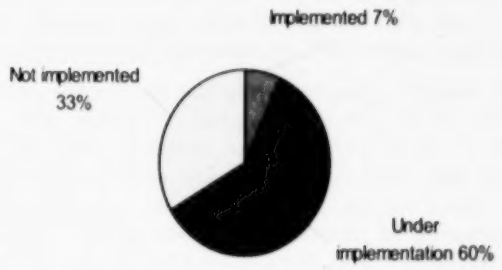


Table 13
Status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Preparation for migration to and implementation of United Nations enterprise resource planning/Umoja	1	—	—	—	—	1	100	—	—
Statement of income and expenditure did not include those from the United Nations regular budget	1	—	—	—	—	1	100	—	—
Education grants	1	—	—	—	—	1	100	—	—
Unpaid pledges	1	1	100	—	—	—	—	—	—
Formal prior approval of the revision of the 2008-2009 budget	1	—	—	—	—	1	100	—	—
End-of-service liabilities	4	—	—	3	75	1	25	—	—
Country office bank account	1	—	—	1	100	—	—	—	—
Implementing partners	1	—	—	1	100	—	—	—	—
Non-expendable property/inventory	2	—	—	2	100	—	—	—	—
OIOS memorandum of understanding	1	—	—	1	100	—	—	—	—

Area	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
OIOS field office recommendations	1	—	—	1	100	—	—	—	—
Total	**15**	**1**	**7**	**9**	**60**	**5**	**33**	**—**	**—**
2006-2007	19	10	53	8	42	1	5	—	—

87. Table 13 reflects a decrease in the number of recommendations compared to the biennium 2006-2007. Only one recommendation had been fully implemented, which is a significant drop in implementation rate from the previous biennium, when 53 per cent of the Board's recommendations had been implemented. More concerning is the fact that five (33 per cent) were not implemented at all.

88. For three of the five recommendations that had not been implemented, the United Nations Office on Drugs and Crime did not accept the recommendations.

89. While it is agreed that the migration to Umoja carries inherent risks and required planning and controlled execution, the United Nations Office on Drugs and Crime considers that an undertaking must be coordinated at the global Secretariat level. As such, the Umoja implementation strategy includes plans and has secured funding for the identification, analysis and migration of more than 1,000 systems, stand-alone applications and reporting modules currently in use throughout the Secretariat. An inventory of systems, that includes United Nations Office on Drugs and Crime applications, has been compiled by the Umoja project team, and the underlying data structures are being analysed. The Umoja team has been liaising with the United Nations Office on Drugs and Crime for this purpose.

90. The United Nations Office on Drugs and Crime understands that a detailed migration plan will be proposed by Umoja when the design is completed and the roll-out sequence is clarified. At that time, the United Nations Office on Drugs and Crime will have a better idea of the sequence of system decommissioning and the data migration steps, and will be able to take action on the recommendation. It is of the opinion that the global migration strategy is a far better approach than a strategy that relies on local and uncoordinated initiatives. The central approach has been endorsed by the General Assembly. The Board is, nonetheless, of the view that the United Nations Office on Drugs and Crime should prepare for the new United Nations Umoja system by drawing up an analysis of its own specific needs and the risks posed, aligned with the efforts at the global Secretariat level.

91. The United Nations Office on Drugs and Crime did not accept the recommendation on the accounting treatment of education grants. It stated that standard practice across the United Nations is to treat the payments as advances, prior to receiving proof of attendance, and that there had been no changes to the underlying nature of the education grant programme since its inception in 1976-1977. The United Nations Office on Drugs and Crime did acknowledge that the treatment of education grants should be reviewed under IPSAS.

92. Of the two remaining recommendations that have not been implemented, the United Nations Office on Drugs and Crime considers that it needs to await United Nations policy adoption and consistent Secretariat-wide policies and procedures. They relate to accounting for the United Nations regular budget within the income and expenditure statement in the United Nations Office on Drugs and Crime

financial statements, and developing a funding plan for end-of-service and post-retirement liabilities. In both cases, the Board is of the view that the United Nations Office on Drugs and Crime should proactively liaise with the Secretariat to find a way to resolve these issues before the end of the biennium 2010-2011.

93. The Board notes that progress has been made by the United Nations Office on Drugs and Crime in nine (60 per cent) recommendations. However, the status of these recommendations can be validated only when the Board has the financial statements for the biennium 2010-2011. They relate to a country bank account, disclosures of actuarial assumptions and accuracy of data in computation of end-of-service liabilities, and discrepancies between advances recorded by an implementing partner.

94. The United Nations Office on Drugs and Crime is also addressing the five remaining recommendations that are under implementation. The United Nations Office on Drugs and Crime is in discussion with OIOS to update the memorandum of understanding and implements matters identified by OIOS, with a target date of completion by December 2011. It is seeking approval from senior management to formalize its internal control inventory procedures by May 2011, and is also considering the IPSAS implications with regard to a revision of its policy of leave liability, which has a target date for implementation of December 2014.

L. International Criminal Tribunal for Rwanda

95. Of the 22 recommendations made by the Board with respect to the United Nations International Criminal Tribunal for Rwanda for the biennium 2008-2009[12] (for 2006-2007, 8 recommendations), the Tribunal had implemented 7 (32 per cent), 14 (64 per cent) were under implementation and 1 (4 per cent) was not implemented. The status of implementation of the Board's recommendations shown in figure XIV and table 14 was validated by the Board.

Figure XIV

Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009: United Nations International Criminal Tribunal for Rwanda

[12] Ibid., *Supplement No. 5K* (A/65/5/Add.11), chap. II.

Table 14
Status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Unliquidated obligations	1	—	—	1	100	—	—	—	—
Results-based budgeting	2	1	50	1	50	—	—	—	—
Completion strategy	1	—	—	1	100	—	—	—	—
Legal aid system	1	—	—	1	100	—	—	—	—
Procurement and contract management	5	2	40	3	60	—	—	—	—
Property management	2	—	—	2	100	—	—	—	—
Human resources management	7	4	57	2	29	1	14	—	—
Information technology	1	—	—	1	100	—	—	—	—
Internal audit function	2	—	—	2	100	—	—	—	—
Total	**22**	**7**	**32**	**14**	**64**	**1**	**4**	—	—
2006-2007	8	—	—	7	88	1	12	—	—

96. The number of recommendations increased to 22 for the biennium 2008-2009, compared to 8 in the previous biennium.

97. Fourteen recommendations remained under implementation owing mainly to ongoing exercises. For example, as for the recommendation of unliquidated obligations, the Tribunal indicated that reviews of all outstanding obligations were being undertaken on a monthly basis. A detailed review would be carried out as at 30 June and 30 September 2011 with a view to ensuring that all outstanding obligations as at 31 December 2011 will be supported by appropriate obligating documents. In addition, all outstanding obligations are distributed to the relevant certifying officers for review on a monthly basis to ensure that they remain valid under the Financial Rules and Regulations.

98. There were other factors contributing to the lack of full implementation of recommendations, including use of an outdated system of inventory management, and high staff turnover as a result of the completion strategy. For example, in order to address the shortcomings and deficiencies of the Field Assets Control System, the Tribunal indicated that it was changing the system to the GALILEO inventory management system.

99. A recommendation regarding a review of the necessity of the long-vacant posts was not implemented. Although the Administration classified this recommendation as implemented, the Board is of the view that it has not been implemented since no supporting document was provided. The Board will review this matter in the final audit for the biennium 2010-2011.

M. International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law committed in the Territory of the Former Yugoslavia since 1991

100. Of the 11 recommendations made by the Board with respect to the accounts of the International Tribunal for the Former Yugoslavia for the biennium 2008-2009[13] (for 2006-2007, 7 recommendations), the Tribunal had implemented 7 (64 per cent), and 4 (36 per cent) were under implementation. The status of implementation of the Board's recommendations shown in figure XV and table 15 was validated by the Board.

Figure XV
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009: International Tribunal for the Former Yugoslavia

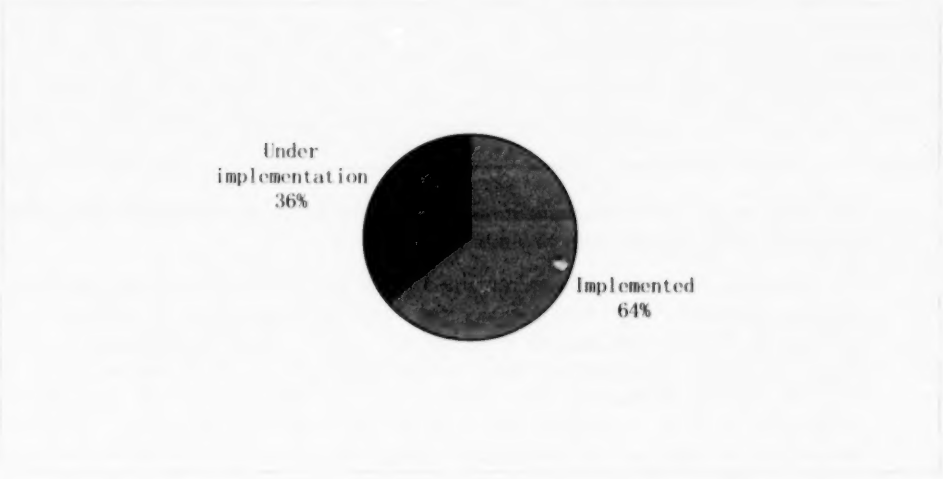


Table 15
Status of implementation of the recommendations of the Board of Auditors for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Results-based budgeting	2	—	—	2	100	—	—	—	—
Procurement and contract management	3	3	100	—	—	—	—	—	—
Non-expendable property and Expendable property	2	2	100	—	—	—	—	—	—
Human resources management	3	2	67	1	33	—	—	—	—

[13] Ibid, *Supplement No. 5L* (A/65/5/Add.12), chap. II.

Area	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
OIOS	1	—	—	1	100	—	—	—	—
Total	**11**	**7**	**64**	**4**	**36**	—	—	—	—
2006-2007	7	2	29	3	43	1	14	1	14

101. Table 15 reflects an increase in the number of recommendations, from 7 for the biennium 2006-2007 to 11 for the biennium 2008-2009. The implementation rate was 64 per cent in the biennium 2008-2009, compared to 29 per cent in the previous biennium.

102. The Board recognizes the entity's efforts in addressing the Board's recommendations. For example, in order to implement the recommendation with regard to the disposal of non-expendable property through donation and free transfer, the Tribunal managed to consult with the Headquarters Property Survey Board to develop procedures as specified.

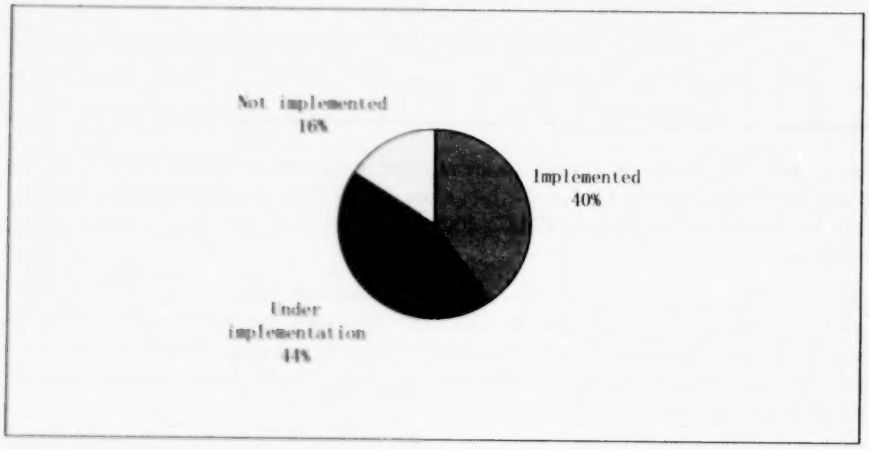
103. There were four recommendations that were under implementation. With regard to the vacant posts of the resident auditors, the recruitment process has started and is being handled by OIOS in New York. The remaining three recommendations relating to results-based budgeting and the Consultants and Individual Contractors were in the process of implementation. The Board will review the status of these recommendations in the final audit for biennium 2010-2011.

N. United Nations Joint Staff Pension Fund

104. Of the 43 (2007-2008: 27) recommendations made by the Board with respect to the accounts of the United Nations Joint Staff Pension Fund (UNJSPF) for the biennium 2008-2009,[14] the Fund implemented 17 (40 per cent), while 19 (44 per cent) were under implementation and 7 (16 per cent) were not implemented, as shown in figure XVI and table 16. The status of implementation of the Board's recommendations indicated below was validated by the Board, as explained in section 1.B of the present report.

[14] Ibid, *Supplement No. 9* (A/65/9), chap. II.

Figure XVI
Overall status of implementation of the recommendations of the Board for the biennium 2008-2009: United Nations Joint Staff Pension Fund



105. Four areas showed evidence of a relatively low implementation rate: financial statement matters; end-of-service liabilities, including after-service health insurance; non-expendable property management; and pension fund administration as shown in table 16.

Table 16
Status of implementation of the recommendations of the Board for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Progress towards IPSAS implementation	1	—	—	1	100	—	—	—	—
Financial statement matters	18	5	28	11	61	2	11	—	—
Investment management	4	3	75	1	25	—	—	—	—
End-of-service liabilities, including after-service health insurance	3	1	33	—	—	2	67	—	—
Non-expendable property management	2	—	—	2	100	—	—	—	—
Human resources management	3	2	67	1	33	—	—	—	—
Pension fund administration	5	2	40	1	20	2	40	—	—
Payments of benefits	1	—	—	1	100	—	—	—	—
Information technology	6	4	67	1	17	1	16	—	—
Total	**43**	**17**	**40**	**19**	**44**	**7**	**16**	—	—
2006-2007	27	11	41	11	41	4	14	1	4

106. Table 16 reflects an increase in the number of recommendations compared to the biennium 2006-2007, owing mainly to the issuance of a modified audit opinion. The rate of implementation of recommendations for the biennium 2008-2009 remained almost the same as the previous biennium, both in terms of fully implemented recommendations and recommendations under implementation.

107. One recommendation that was not implemented relates to the timely submission of financial statements to the Board. The Fund informed the Board that it was unable to comply with the 31 March deadline due to the reconciliation procedures for payments from the organizations members of the Fund and verification of external reporting from the master record keeper.

108. Another unimplemented recommendation relates to the formalization of the arrangement for the Fund to manage the United Nations University Endowment Fund. The Investment Management Division stated that it was in the process of restating and formalizing the roles and responsibilities of both parties.

109. The two recommendations under end-of-service liabilities that were not implemented relate to the development of a funding plan for end-of-service liabilities, and the disclosure of major actuarial assumptions applied by the actuary in the valuation of end-of-service liabilities. The Board was informed that the development of the funding plan has been put on hold pending a plan by the United Nations Secretariat to fund one third of the Fund's end-of-service liabilities, and therefore there was no funding plan in place. With regard to the disclosure of major actuarial assumptions, the Fund indicated that it would undertake an actuarial valuation of its end-of-service liabilities in December 2011 and the recommendation can be addressed only in the biennium-end financial statements.

110. The unimplemented recommendation under information technology relates to the need for the Fund to develop and approve comprehensive user account management procedures to ensure adequate user account management. As at the date of the validation, the Fund had not developed user account management procedures.

111. The Board noted that the majority of its recommendations have been classified as under implementation and that they could be fully implemented only with the preparation of the biennium-end financial statements. The Board is, however, concerned that seven recommendations were not implemented, which indicates that the Fund had not started a process to implement these recommendations.

O. United Nations Office for Project Services

112. Of the 59 (2006-2007: 95) recommendations made by the Board with respect to the accounts of the United Nations Office for Project Services (UNOPS) for the biennium 2008-2009,[15] UNOPS implemented 39 (66 per cent), while 20 (34 per cent) were under implementation, as shown in figure XVII and table 17. The status of implementation of the Board's recommendations indicated below was partially validated by the Board, as explained in section I.B of the present report.

[15] Ibid., *Supplement No. 5J* (A/65/5/Add.10), chap. II.

Figure XVII
Overall status of implementation of the recommendations of the Board for the biennium 2008-2009: United Nations Office for Project Services

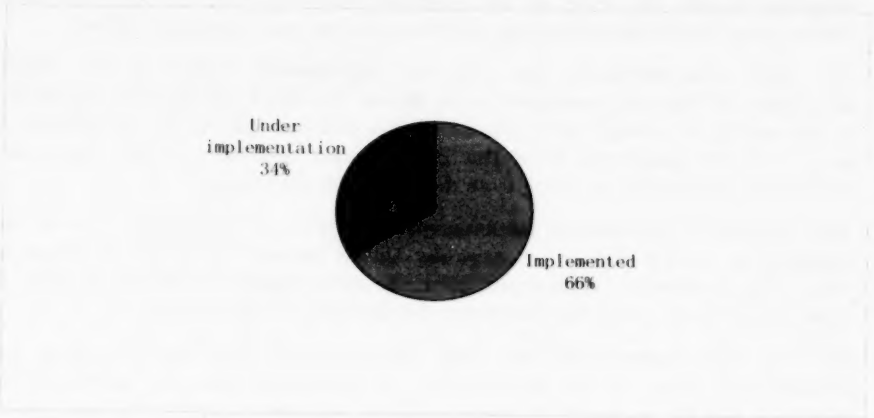


Table 17
Status of implementation of the recommendations of the Board for the biennium 2008-2009, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Financial statement disclosures	4	4	100	—	—	—	—	—	—
Inter-fund balances	4	2	50	2	50	—	—	—	—
End-of-service liabilities, including after-service health insurance	1	—	—	1	100	—	—	—	—
Progress towards the implementation of IPSAS	5	0	0	5	100	—	—	—	—
Treasury management	3	2	66	1	34	—	—	—	—
Asset management	10	9	90	1	10	—	—	—	—
Human resources	5	4	80	1	20	—	—	—	—
Procurement	1	1	100	—	—	—	—	—	—
Information technology	4	3	75	1	25	—	—	—	—
Project management	22	14	64	8	36	—	—	—	—
Total	**59**	**39**	**66**	**20**	**34**	—	—	—	—
2006-2007	95	37	39	48	51	4	4	6	6

113. Table 17 shows a substantial decrease in the number of recommendations for the biennium 2008-2009 compared with the previous biennium, indicating that UNOPS has been taking the necessary corrective actions in relation to the Board's findings and recommendations. The implementation rate also improved from 39 per cent to 66 per cent. However, recommendations relating to IPSAS and project management have shown a relatively low implementation rate.

114. The recommendations that were under implementation are in line with management's action plans. A total of 5 of the 20 (25 per cent) recommendations under implementation relate to IPSAS, and UNOPS has initiated actions to implement these recommendations. Eight (40 per cent) other recommendations relate to project management, and UNOPS was on track in accordance with management's implementation targets.

115. The Board has noted increased cooperation between UNOPS and UNDP, including escalating to senior management of both organizations matters relating to inter-fund balances. As a consequence, there was a reduction in unreconciled differences in the inter-fund account. There were, however, still residual balances that require resolution by both parties. This emphasizes the need for UNDP and UNOPS to continue working together to analyse and resolve differences in a timely manner.

116. The Board is generally satisfied with the rate of implementation of the UNOPS recommendations, as it is consistent with the UNOPS action plan and there is a process in place to track and monitor progress.

IV. Acknowledgement

117. The Board wishes to express its appreciation to the United Nations organizations and their staff for the cooperation and assistance they provided to the Board's teams in the preparation of this report.

(*Signed*) **Liu** Jiayi
Auditor-General of the People's Republic of China

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa
Chairman, United Nations Board of Auditors

(*Signed*) Amyas **Morse**
Comptroller and Auditor-General of the
United Kingdom of Great Britain and Northern Ireland

12 July 2011

Appendix

Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007 as at 31 March 2009

Organization	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
United Nations Secretariat	70	19	27	47	68	3	4	1	1
International Trade Centre UNCTAD/WTO	4	1	25	3	75	—	—	—	—
United Nations University	21	13	62	7	33	—	—	1	5
United Nations Development Programme	82	33	40	49	60	—	—	—	—
United Nations Children's Fund	42	34	81	8	19	—	—	—	—
United Nations Relief and Works Agency for Palestine Refugees in the Near East	31	15	48	16	52	—	—	—	—
United Nations Institute for Training and Research	12	8	67	2	17	1	8	1	8
United Nations Environment Programme	11	4	36	5	46	1	9	1	9
United Nations Population Fund	60	44	73	15	25	1	2	—	—
United Nations Human Settlements Programme	18	7	39	8	44	2	11	1	6
United Nations Office on Drugs and Crime	19	10	53	8	42	1	5	—	—
International Criminal Tribunal for Rwanda	8	—	—	7	88	1	12	—	—
International Tribunal for the Former Yugoslavia	7	2	29	3	43	1	14	1	14
United Nations Joint Staff Pension Fund	27	11	41	11	41	4	14	1	4
United Nations Office for Project Services	95	37	39	48	51	4	4	6	6
Total	**507**	**238**	**47**	**237**	**46**	**19**	**4**	**13**	**3**
2004-2005 (percentage)	651	342	52	276	43	28	4	5	1
2002-2003 (percentage)[a]	509	235	46	230	45	44	9	—	—